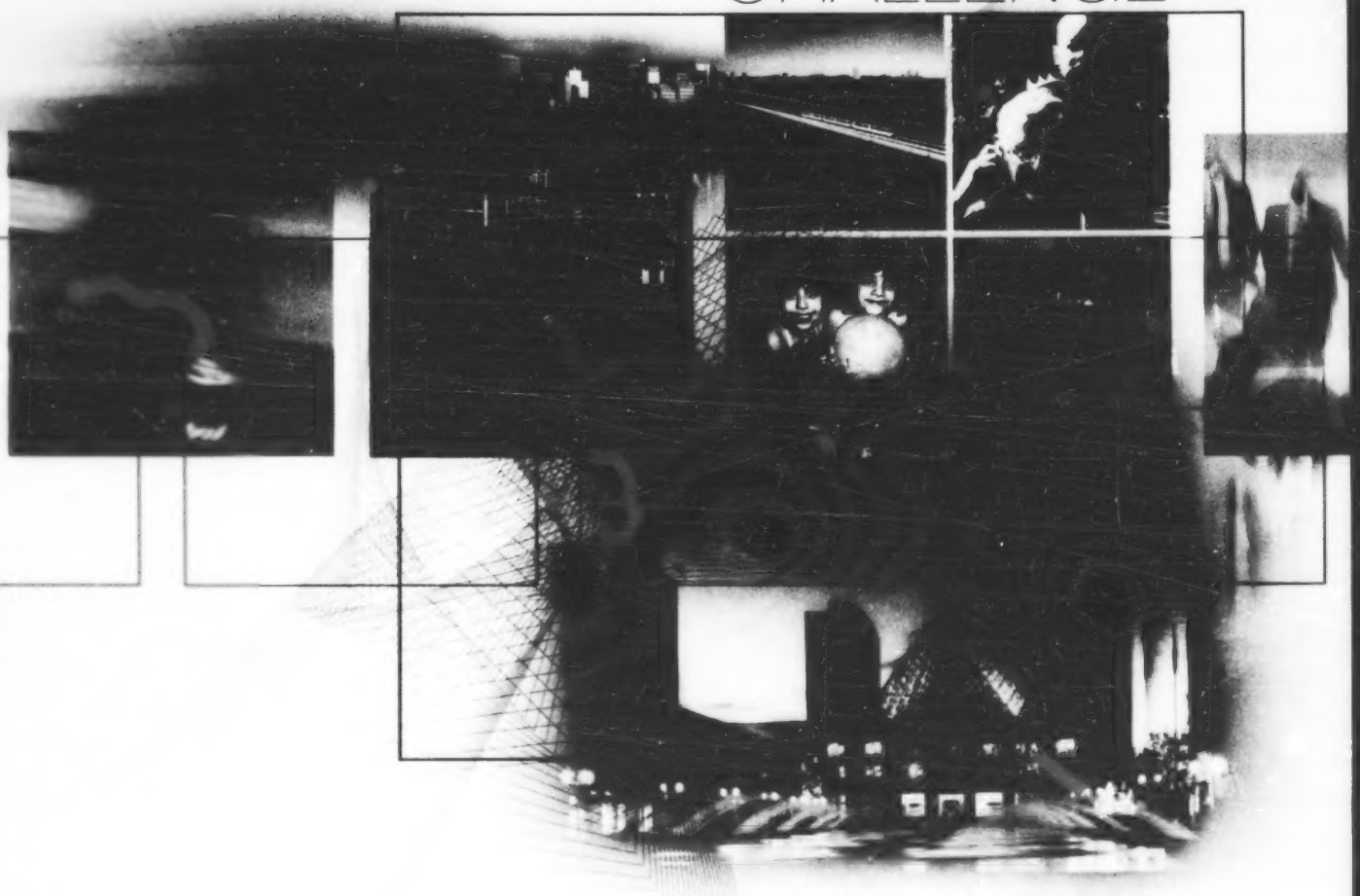
EDMONTON

MEETING THE CHALLENGE



ANNUAL REPORT 2000

THE CITY OF EDMONTON, ALBERTA, CANADA

THE CITY OF Edmonton

MISSION

The City of Edmonton focuses on:

- The delivery of effective, efficient and citizen-oriented services;
- Sound leadership and teamwork; and
- Responsible use of resources (financial, people and assets).

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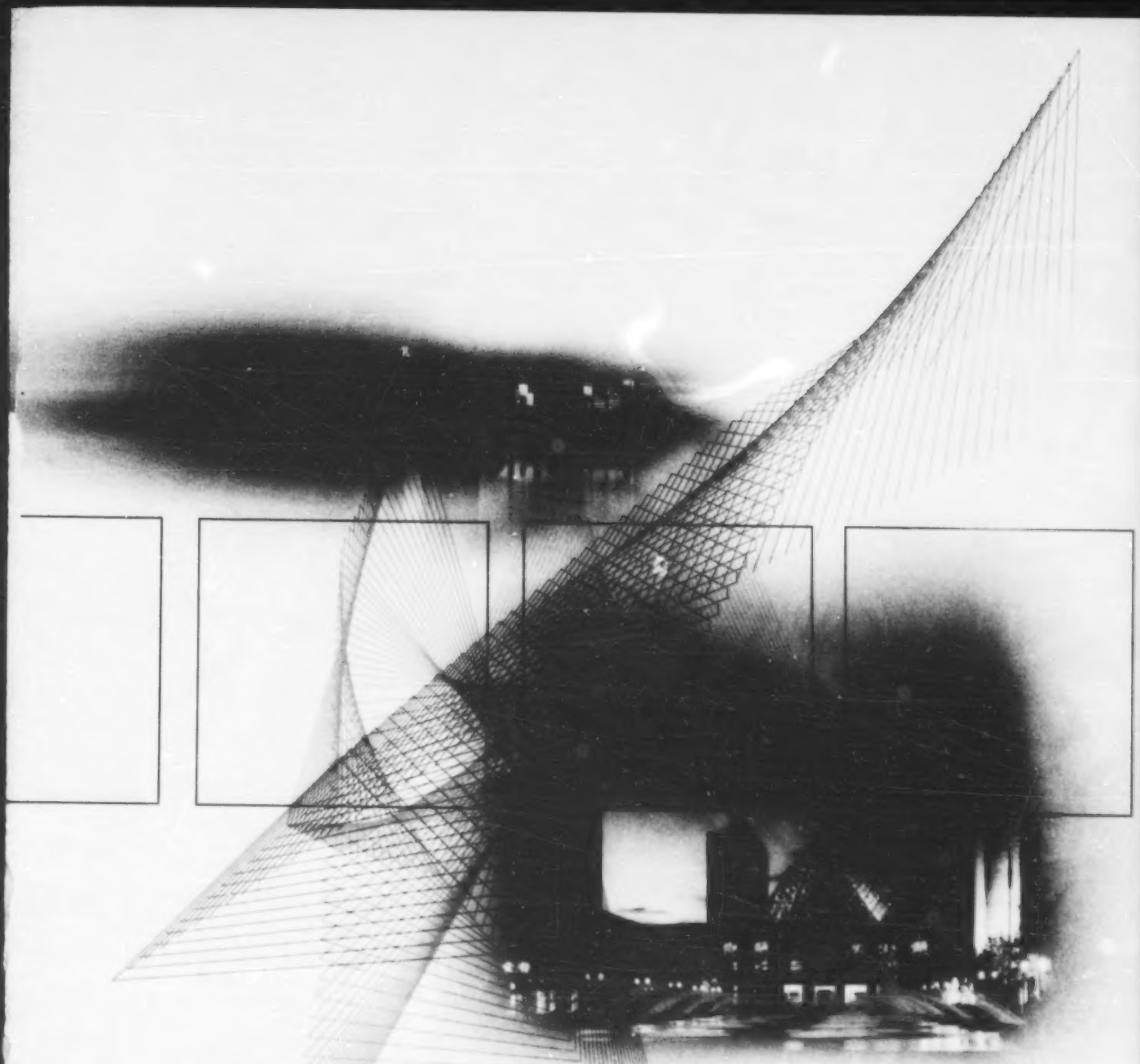


ANNUAL REPORT 2000

THE CITY OF EDMONTON, ALBERTA, CANADA

Produced by the Corporate Services Department
of The City of Edmonton in cooperation with
all civic departments, offices and agencies

EDMONTON
A Snapshot

Edmonton is one of North America's top three Smart Cities. (International Development Research Council audit, 1999)

About 90 per cent of business executives believe Edmonton's quality of life is one of the region's top business attributes. (Economic Development Edmonton, 1999)

Edmonton is the best North American city for business, based on typical operating costs for a medium-sized firm, and the sixth least expensive major city in the world. (KPMG LLP, 1999).

In Edmonton, diversity adds spice to life. Capital of Alberta, the province whose western boundary hugs Canada's Rocky Mountains, this city of 648,284 turns the challenge of a northern climate to its advantage, thriving on a rich blend of amenities, cultures and festivals. As Canada's fifth largest city, with a metro population of 907,000, Edmonton also enjoys the economic health earned by diverse clusters of business.

Vitality

Surrounded by riches in agriculture, oil and gas, Edmonton owes its first generation of wealth to those natural resources. Now, through united focus and strategic planning, the Capital Region economy is expanding beyond its traditional resource base, earning new respect as Canada's most economically diverse business centre. Education, business and government are building the synergy needed to capitalize on such key assets as advanced technology and workforce smarts.

As those plans indicate, a positive business climate prevails in Edmonton. Numerous comparative studies affirm this city as a best value for business and families alike. Municipal and provincial tax rates, utilities and other costs of living stand among the lowest in Canada.

Even as new sectors blossom, Edmonton recommits to its historic role as service centre for nearby resource activity, as gateway to Canada's North. In fact, diversification promises to strengthen those mainstays, by expanding the research acumen, telecommunications networks and transportation links so critical to the next generation's success.

Variety

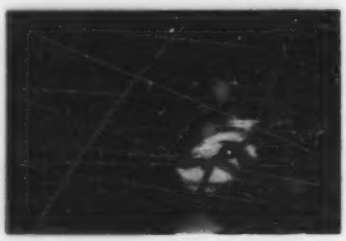
A savoury swirl of sights and smells enlivens Edmonton's signature river valley each August during Heritage Days, as the city celebrates its multiplicity of cultures. Such cultural diversity gives this region the global roots to thrive in a 21st century economy.

An internationally recognized smart city, Edmonton also offers a rich blend of 100 educational options, including the world-class University of Alberta. Perhaps it is no wonder, then, that Edmonton has the highest number of post-secondary graduates per capita in Canada and that our workforce stands among the most skilled and educated in North America.

Vigor

Mexican potato growers look north to Edmonton for seed, and for good reason: winter's freeze turns those tubers hardy. Potatoes are hardly alone in thriving on the shift of seasons in this northern city, home to long mid-summer days and magical mid-winter aurora borealis (Northern Lights).

Amenities embrace those seasonal shifts. Those seeking indoor pursuits can explore West Edmonton Mall, the world's largest indoor shopping extravaganza or do business downtown via a network of covered walkways. Anyone looking for outdoor pleasures can enjoy any of Edmonton's 900 parks, including our crown jewel, the river valley trail system stretching along the winding North Saskatchewan River.



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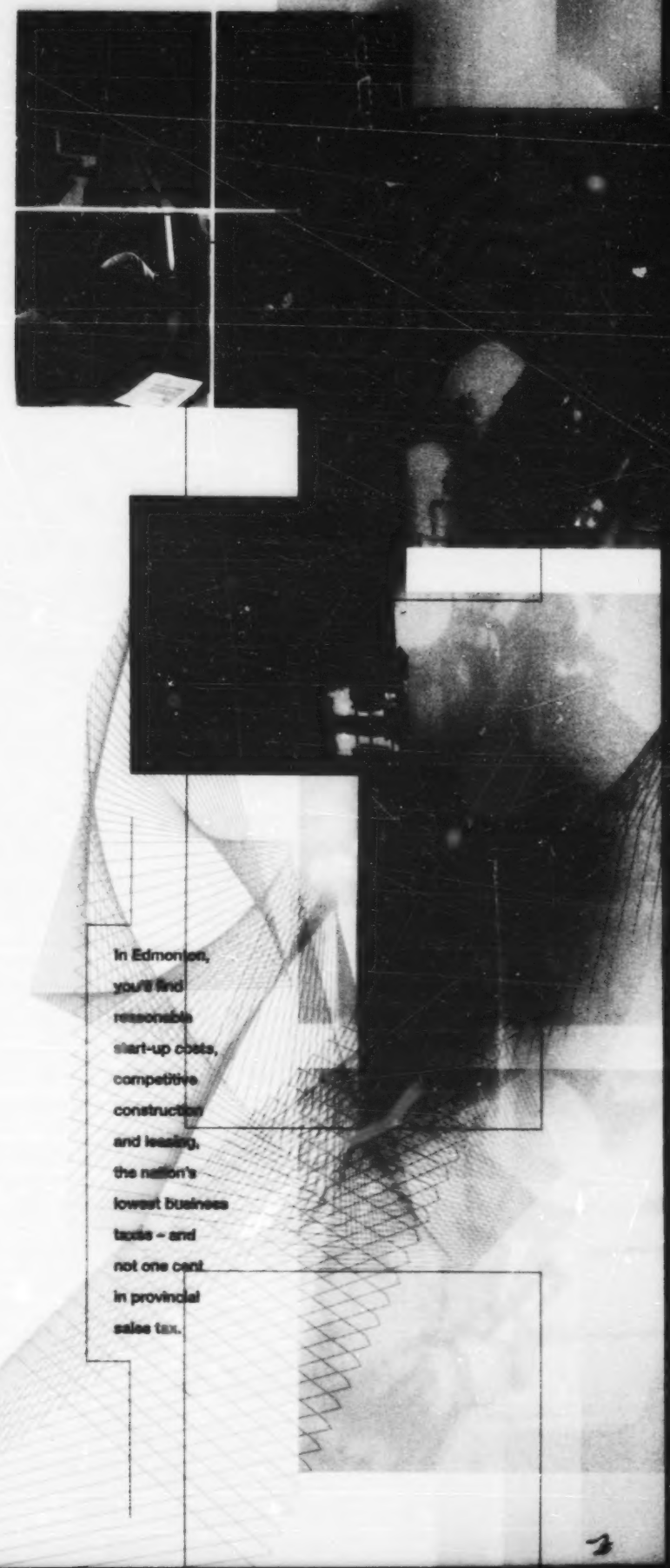


Green spaces and a canopy of trees augment another of Edmonton's special attributes: its low population density. With 920 people per square kilometre, this city checks in as Canada's most spacious.

Beyond parks, hundreds of sports fields, leisure centres and arenas offer the full range of options for fitness and fun. Professional sports also have a proud history here, earning Edmonton the title City of Champions.

Renown as Canada's Festival City adds to Edmonton's allure. The non-stop parade of festivals now tops 30, including the Edmonton International Fringe Festival, North America's largest alternative theatre event and the Edmonton Folk Music Festival, which transforms a city-centre ski hill into a starlit amphitheatre each August.

Art abounds all year in Edmonton, where audiences expect first-class acts in first-class venues. From vibrant gallery walks to the acoustically amazing Winspear Centre for Music in the Downtown Arts District, more than 75 vibrant organizations infuse a net $75 million into our economy while adding to our city's cultural and artistic acclaim.

Given such assets, given the fact that Edmonton stands as one of North America's most affordable cities, it's no surprise that the millennium edition of Places Rated Almanac named Edmonton among the top three places to live in Canada.

In Edmonton, you'll find reasonable start-up costs, competitive construction and leasing, the nation's lowest business taxes – and not one cent in provincial sales tax.

CITY MANAGER'S MESSAGE

Meeting challenges

I'm committed to working with City Council, City departments and other local agencies to manage community development, protect the environment and enhance Edmonton's attractiveness to business.

The citizens of Edmonton, both individual and corporate, can take confidence in the fact that the civic team serving them – the team I lead – has both strength and stability. In recent years, we have devoted significant energy to moving that team in the right direction. Now we are well positioned to turn challenges into opportunities.

Building on strengths

Supporting City Council's vision of a smart, healthy community, our civic staff is committed to providing best value service. Amid tight budgets and competing priorities, the ability to meet that commitment depends on experienced and dedicated employees. It's no accident that recent senior appointments, chosen after nationwide talent searches, came from within our ranks.

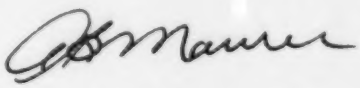
In recent years, the City of Edmonton has developed frameworks to focus our energy: Council's economic and social visions, Plan Edmonton, transportation and downtown plans and the Working Relationship Agreement with employee unions and associations. That careful planning now extends to the operational level, with the Corporate Business Plan underpinning a far-sighted, strategic approach to setting annual budgets and serving this city. The results are apparent. Our annual citizen satisfaction survey shows 79 per cent of respondents are satisfied with civic services and 93 per cent of citizens rate Edmonton's quality of life positively.

Building stability

There is no doubt that Edmonton, like every major centre, faces challenges brought about by limited funding sources. Determined to tackle that reality proactively, we are taking a fresh look at all our programs and services while creating realistic road maps, such as Community Services' new Integrated Service Strategy, to guide specific aspects of our work.

On the revenue side, we're working to stabilize and expand our funding base. We now have an office specifically dedicated to forging equitable relationships with the province, plus the infrastructure plans needed to take full advantage of provincial and federal reinvestments. Locally, a renegotiated EPCOR agreement ensures that our community will continue to benefit from energy profits.

Strength and stability—your civic service has both. We will seize opportunities, such as the two world championship athletic events we host in 2001, and work with our citizens to create lasting benefits from each.



Al Maurer, P.Eng.
City Manager

March 28, 2001

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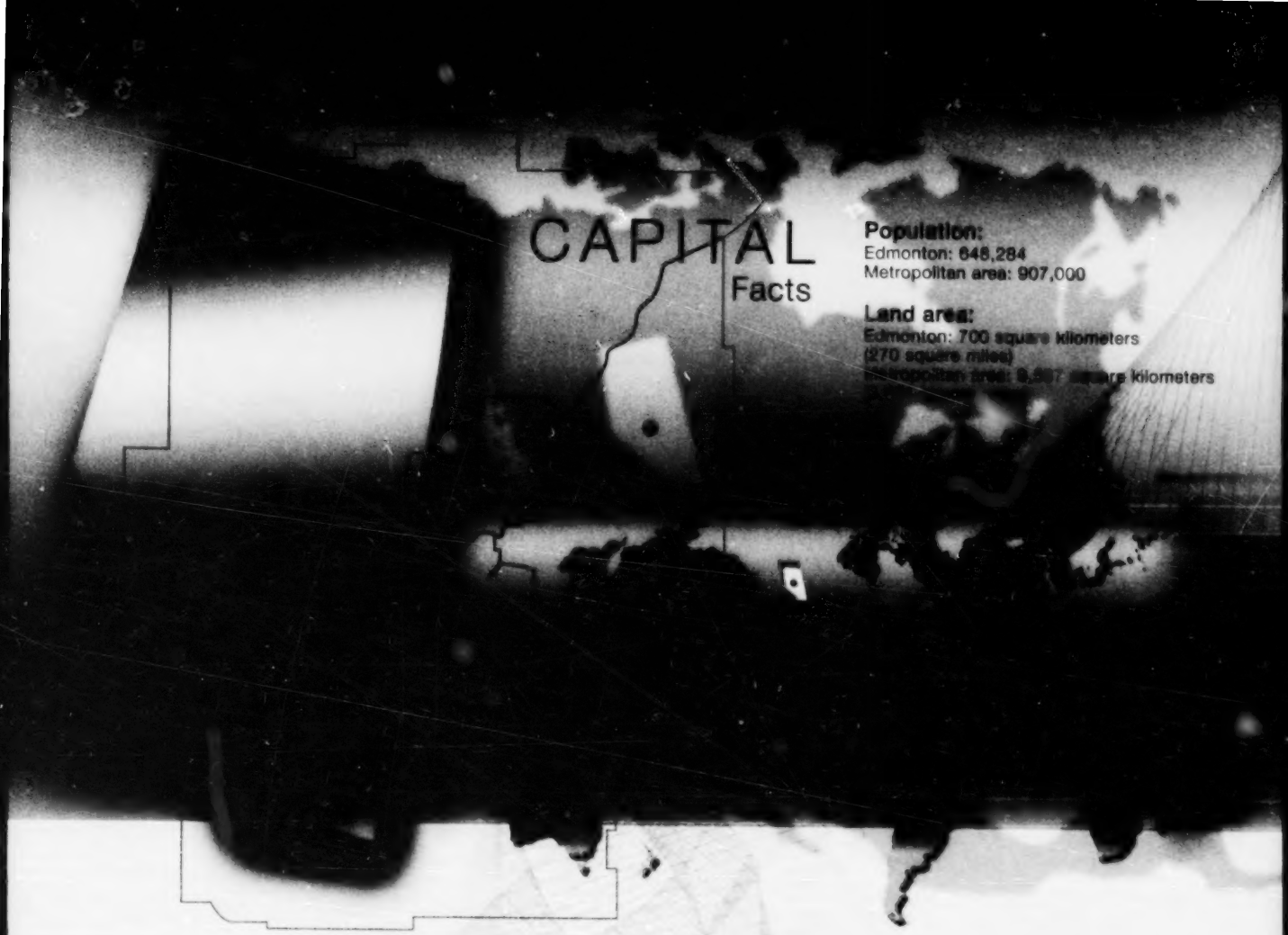


Key business clusters:

- Advanced Manufacturing
- Agri-Food and Forest Products
- Biomedicine and Biotechnology
- Engineering and Technical Services
- Information and Media Services
- Oil, Gas and Chemicals
- Tourism and Entertainment
- Transportation and Logistics
  (Identified by Greater Edmonton Competitiveness Strategy)

Links:

- Excellent highways, east-west and north-south
- Rail, both freight and passenger
- Pipelines
- Edmonton International Airport

Culture:

- World-class Winspear Centre for Music, home to Edmonton Symphony Orchestra and venue for diverse musical styles
- Citadel Theatre, plus a wide range of smaller theatre companies
- Edmonton Art Gallery, numerous smaller galleries
- Edmonton Opera and smaller ensembles and choirs
- Alberta College Conservatory of Music
- Alberta Ballet Company

Post-Secondary Education:

- University of Alberta
- Grant MacEwan College
- Alberta College
- Northern Alberta Institute of Technology (NAIT)
- Concordia University College
- The King's University College
- NorQuest College

Attractions:

- West Edmonton Mall, still the world's biggest
- Banff and Jasper National Parks in the Canadian Rockies, within a half-day drive
- Provincial Museum of Alberta, host to major exhibitions
- Edmonton Space & Science Centre, John Janzen Nature Centre, Muttart Conservatory, Valley Zoo and other family explores
- Fort Edmonton Park, John Walter Museum, other living history sites
- NHL Edmonton Oilers, CFL Edmonton Eskimos, Triple A Edmonton Trappers
- More park space per capita than any other Canadian city, including 25-km riverside "ribbon of green"

CITY COUNCIL'S VISION

Edmonton. A smart city offering quality of life for all.

That is City Council's intent for our capital city, a vision of Edmonton's economic and social health shaped through honest analysis and frank dialogue. Crafted in response to a widespread call for civic leadership, this two-part image of what we aim to be sets the stage for all players to pull together, creating the synergy needed to ensure that finite resources achieve maximum impact.

The first half of the vision was developed in 1996, when Council accepted the challenge of turning its attention to Edmonton's economic health.

Council's Vision for Economic Prosperity

- An international smart city with a vibrant economy.
- A capital city where businesses want to locate and expand.
- A culturally diverse city where people choose to live, learn, work and play.

Our economic vision has since been woven into the fabric of Edmonton's thinking, creating initiatives that continue to build our capacity as a smart city with a vibrant economy and as a place where businesses want to locate and expand.

In the past decade, as Canada's cities became home to an increasing number of people at risk, Council saw the need to focus on the social issues that are so crucial to well being – and to business health.

Accordingly, City Council created a Vision for Social Well Being and Quality of Life that underlines our city's commitment to every individual, family and community within our boundaries.

Council's Vision for Social Well Being and Quality of Life

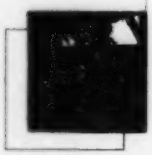
- A city committed to the social well being and quality of life of individuals, families and communities.
- A city where individuals, families, organizations, communities, business and governments together build a working, caring, safe and clean community.

Our social vision joins the earlier economic vision in signaling Council's direction for Edmonton's future. Just as the economic vision unites our citizens in pursuit of an international reputation as a smart city, this vision has the potential to unite us in ensuring that individuals and groups have access to the tools and skills they need to grow and develop, so they can take greater responsibility for themselves and care for each other.

Besides serving as an umbrella to other planning documents and guiding Council's daily decisions, these two vision statements serve as rallying points, inspiring others in the community to claim roles and help shape the work ahead.

Council has challenged itself to lead this city by painting an exciting image of Edmonton's future. That image, in turn, enables partners big and small to join the challenge, to forge the strategic alliances that build a dynamic economy and quality of life for all.

Council has challenged itself to lead this city by painting an exciting image of Edmonton's future. An image with the potential to spark the energy required to take Edmonton to new heights, with a dynamic economy and quality of life for all.



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CITY COUNCIL

The City of Edmonton

From left to right:

Terry Cavanagh
Brian Mason*
Robert Noce
Jim Taylor
Rose Rosenberger
Bryan Anderson
Mayor Bill Smith
Leroy Chahley
Wendy Kinsella
Larry Langley
Michael Phair
Dave Thiele
Allan Bolstad

*Until June 30,2000.

Responding to a call for focused leadership, City Council created a new vision for Edmonton's Social Well Being and Quality of Life – a vision of people helping people, with community support.

-2

POLITICAL AND ADMINISTRATIVE STRUCTURE

Edmonton is governed by an elected City Council composed of a Mayor and 12 Councillors. Together, they provide leadership and direction to staff, who ensure that citizens have access to the essential services needed in a livable city.

City Council

The 1995 Alberta Municipal Government Act sets out Council's authority. The act gives the city three responsibilities:

- To provide good government;
- To provide services, facilities or other things that, in Council's opinion, are necessary or desirable for the municipality; and
- To develop and maintain safe and viable communities.

The city is divided into six wards, with each voter able to choose two Councillors as well as the Mayor. Elections are usually held every three years; the next election is set for October 15, 2001.

Typically, Council meets three times a month: regular meetings occur the first and third Tuesdays of the month; a third meeting, usually on a Monday, is dedicated to public hearings as required by provincial statute. Meetings are open to the public.

Council members serve on three main standing committees:

- Executive Committee deals with matters affecting the City as a whole, including planning and development, administration, finance and personnel.
- Community Services Committee reviews matters affecting parks, recreation, fire, emergency medical services, policing and preventive services.
- Transportation and Public Works Committee oversees public transportation, the roadway system, wastewater treatment, storm drainage and waste disposal.

Other Council committees deal with specific issues as they arise. Among the committees active in 2000:

- Budget Committee,
- Agenda Review Committee,
- City Manager Recruitment Process Committee,
- Edmonton Regional Governance Committee, and
- Vision For Social Well Being and Sustainability of Communities Process Committee.

City Council accepts most decisions made by its committees as final. On some issues, however, Council can approve, amend or defeat committee recommendations and take entirely different action.

City Manager

Appointed by City Council as Chief Administrative Officer, the City Manager implements Council policies and manages day-to-day operations. Under his leadership, six departments provide the following major services: storm and sanitary sewage systems, waste management, roads, public transit, fire and emergency medical services, planning, parks and recreation and preventive social services. The Office of the City Clerk and the Intergovernmental Affairs Office also report to the City Manager.

Office of the City Auditor

Appointed by and accountable to Council's Executive Committee, the City Auditor provides independent reviews of civic departments and programs through audits and other studies authorized by the committee.

"There is a renewal of energy and excitement in Edmonton and Council is determined to contribute constructively to that momentum."

City Council's Vision for Economic Prosperity

-3

EPCOR Utilities Inc.

A wholly owned subsidiary corporation, EPCOR provides the following services: electric power generation and distribution and water treatment and distribution. The City holds EPCOR's single share, and City Council appoints the utility's Board of Directors and Chairman.

Edmonton Police Service

City Council appoints seven citizens to sit on the Edmonton Police Commission. It oversees the Edmonton Police Service, which takes a community-based approach to its work of enhancing safety and combating crime.

Edmonton Public Library

A 10-member Edmonton Public Library Board, appointed by City Council, manages Edmonton's library services, offered from a main branch downtown and 14 neighbourhood branches. One City Council member sits on the board.

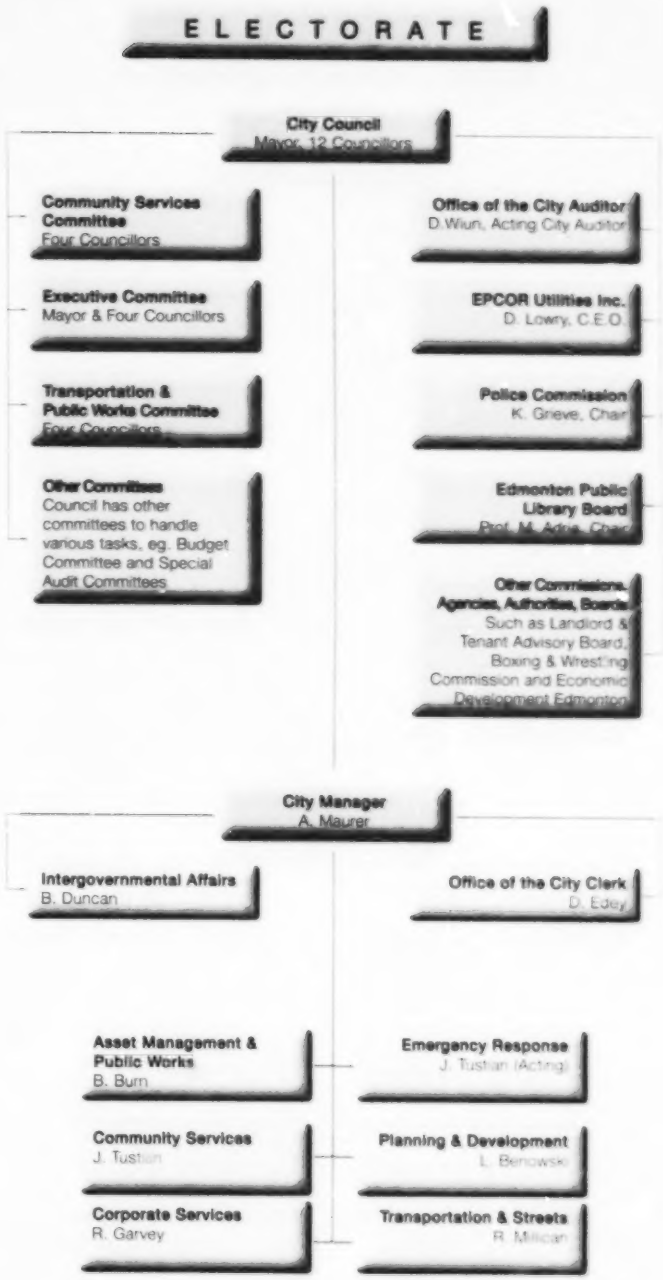
Other boards

Hundreds of citizens play valuable roles as members of commissions, agencies, boards and authorities that provide leadership and advice about vital aspects of our lives. In addition to the boards named above, areas addressed by those bodies include business development, assessment, transportation, housing and historical preservation. Most citizens volunteer their services, evidence of the vibrant volunteerism for which Edmonton is internationally known.

School Boards

Concurrent with civic elections, voters elect school boards to govern Edmonton's two major elementary and secondary systems: Edmonton Public Schools and Edmonton Catholic Schools. The municipality collects education taxes from property owners on behalf of both the province and Edmonton Catholic Schools.

Legislative and Administrative ORGANIZATION CHART



EPCOR

Acquisitions, growth and industry restructuring were key drivers for EPCOR in the year 2000 as it continued to be an industry leader bringing integrated products and services – essential elements for living – to its customers.

EPCOR fulfilled its financial commitments to the shareholder, the City of Edmonton, and paid the City a dividend of $70 million. In addition, the company paid $38.7 million in business tax, property tax, franchise fees and revenue taxes to the City of Edmonton. EPCOR's strong financial performance has allowed the company to commit to pay an additional $20 million in dividends next year resulting in a total dividend payment of $90 million in 2001.

EPCOR entered the year 2000 (Y2K) with all systems operating smoothly, a testament to the company's commitment to operational excellence and to the expertise of its people.

EPCOR ended the year with approximately 600,000 Alberta customers making the company the largest retailer of electricity in the province. This growth was fuelled by acquisitions, the largest of which was the acquisition of the UtiliCorp Networks retail base. UtiliCorp had previously purchased these customers from TransAlta Utilities.

Other acquisitions included West Coast Hydrant in B.C. (by EPCOR Water Services), Intrex Inc. and ProSon Utility Solutions (by EPCOR Technologies) and Brown Lake Hydroelectric in B.C. (by EPCOR Power Development).

In anticipation of the deregulation of the electricity industry in January 2001, EPCOR successfully competed in the Alberta Government's Power Purchase Arrangement auctions. In addition, the company established a deregulation Web page to help consumers become well informed about restructuring in the industry and the implications for customers.

The company also invested in two electrical generation projects to help increase the amount of power available to the provincial system. In the fall, the company participated in a public hearing chaired by the Alberta Energy and Utilities Board for approval of EPCOR's Rossdale Unit 11 application. This project would add 170 megawatts to the provincial grid. In December, the company announced its intent to add an additional 400 megawatt unit at its Genesee plant.

2000 highlights included:

- Winning an award for innovation and excellence from the Canadian Council of Public-Private Partnerships for its work in Port Hardy, B.C.
- Signing contracts with the Alberta communities of Strathmore and Canmore to supply water and waste water services.
- Offering natural gas contracts to customers including customers in Calgary.

Going forward, EPCOR will continue its pursuit of sustainable growth and development and its commitment to providing essential elements for living – power, water and natural gas.

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ECONOMIC CLIMATE

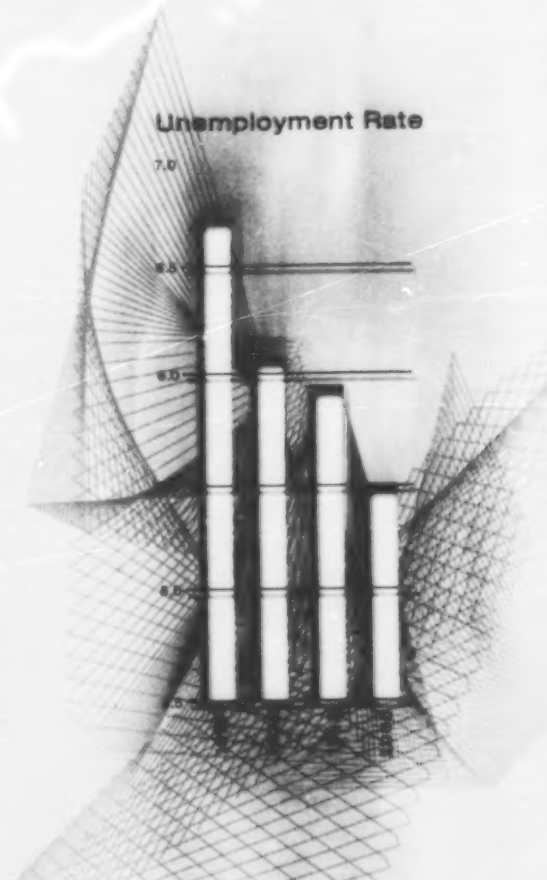
Edmonton's economy continues to grow, fueled by a thriving energy sector, major heavy oil projects, high tech entrepreneurs and construction for the 2001 World Championships in Athletics.

A positive year

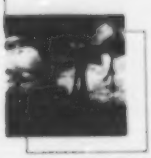
- The total value of all goods and services produced in the region (GDP) grew 4.4 per cent according to Conference Board of Canada estimates, even more than the 4.1 per cent predicted last year.
- Unemployment dropped to 5.5 per cent, the lowest in two decades, and the average number of people employed in greater Edmonton rose to 489,000.
- Inflation stands at 3.3 per cent.
- A net growth of 1,160 businesses brought the 2000 total to 26,475.
- The office vacancy rate dropped to 12.4 per cent from 12.9 per cent, while the apartment vacancy rate average dropped to 1.4 per cent from 2.2 per cent.
- Housing sales remained high at 14,189, a 4 per cent increase over last year. The average residential selling price chalked in at an affordable $124,203.
- The City issued $787 million in building permits, up from $658 million in 1999.

Continued strength

- The Conference Board of Canada ranks Edmonton Canada's second strongest local economy for 2001, projecting a 4.3 per cent growth in GDP, driven by a dynamic energy sector and strong construction activity.
- Reflecting the City's record of good financial management, growing economic diversity and low municipal taxes, Edmonton's rating is AA (High) from Dominion Bond Rating Service Ltd. of Toronto and AA- from the Canadian Bond Rating Service.
- Megaprojects totaling more than $51 billion are underway or scheduled within the Edmonton service area, led by more than $32 billion in oil, gas and oilsands (including a $4.9 billion Athabasca/Muskeg river oilsands project by Shell Canada and partners) and more than $5 billion in pipelines.
- Total employment is expected to rise to 530,000 by 2005 as the Edmonton region continues to benefit from higher energy prices.
- The City Forecast Committee anticipates Edmonton's growth will continue, spurred by factors such as relatively low inflation and spin-off from resource projects in northern Alberta.



Industry Week in 1999 rated Edmonton as having the greatest expansion in value-added manufacturing in Canada, scoring a 26 per cent increase in two years.



ACHIEVING SUCCESS

More than $370 million in private sector projects confirm the wisdom of Council's Capital City Downtown Plan, approved in 1997. Office vacancy rates are dropping, businesses now top 2,500 and the Downtown Housing Reinvestment Grant Program sparked construction of more than 700 units in 2000.

Business blueprint

- In a major initiative, seeded in part by City funds and involving more than 1,000 public and private leaders, the Capital Region spent the year 2000 creating a blueprint for a next generation business economy.

- The Greater Edmonton Competitiveness Strategy outlines steps needed to capitalize on eight clusters of strength (see Capital Facts, page 5) and proposes innovative solutions to challenges that cross clusters, such as enticing investors, expediting transportation and marketing the region. The blueprint also proposes to accelerate emerging strengths by creating a world-class life sciences centre, tying into plans for a provincial "Supernet" and fueling expanded expertise in microsystems.

Downtown vitality

- Louise McKinney Park Phase 1 opened on Canada Day, its pathways and newly planted trees hinting at the potential for this Millennium Legacy project, envisioned as a vibrant urban riverfront attraction. Active fundraising has begun for Phase 2, which will add a riverside promenade. Phase 3, including a vertical railway up to the heart of the city, is targeted for completion by 2005.

- The "rathole," a narrow 109 St. bottleneck, was replaced by a six-lane thoroughfare, part of a $5 million project supporting new vitality along 104 Avenue and into the downtown core. The project was completed more than six weeks ahead of schedule.

Focused social action

- A 10-year Integrated Service Strategy for Community Services received Council approval in July, setting a fundamental level of parks, recreation and social services across the city, augmented by focused efforts in areas of greatest need.

- The Edmonton Community Plan on Homelessness 2000-2003, developed by a multi-partner committee with City support, identifies $49.3 million in projects, programs and services needed to help meet the needs of the homeless. The plan helped to secure $28.6 million in funding, including $22 million in federal funds, $3 million from the province and nearly $1.3 million a year from the City.

- Edmonton Senior's Safe House opened, offering free, temporary accommodation plus meals, peer support and expertise to seniors experiencing abuse.

- Edmonton's Safer Cities Initiatives Advisory Committee won an Alberta Justice award for excellent use of volunteers. During 2000, Safer Cities helped spur action in four areas: public intoxication, youth justice, substandard housing and racism.

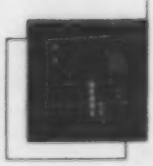
Protecting the environment

- Named Grand Champion Community in Bloom for a second year, Edmonton received kudos for naturalization efforts, landfill site management and community involvement.

- A new bylaw protects parks and green spaces from encroachment by adjacent property owners, focusing on public education and voluntary compliance while allowing fines or litigation when required.

- The Waste Management Centre pocketed a prestigious Emerald Award for Environmental Excellence in June, a salute to Edmonton's success in diverting 70 per cent of residential waste from landfill.

- Public education to facilitate a shift from blue box to blue bag achieved a 77 per cent participation rate in six months, earning a top award from the Solid Waste Association of North America. A second, north-side Eco Station opened in March to collect reusable, dangerous and bulky items that might otherwise end up in landfill.



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- Naturescapes, a definitive guide for creating green school sites, received a national award from the Canadian Society of Landscape Architects.

- Work progressed toward the goal of reducing City of Edmonton greenhouse gas emissions 16 per cent (from 1990 levels) by 2008.

- Gold Bar Wastewater Laboratory earned top grades in ISO9001 Certified Proficiency Testing.

Enhancing quality of life

- Edmonton Transit System (ETS) opened two new transit centres in South Edmonton – Mill Woods and Heritage—providing enhanced accessibility, security and comfort for ETS customers.

- A $5.92 million indoor soccer facility in northeast Edmonton, managed by Edmonton Soccer Association, attracted more than 900 teams in its first season.

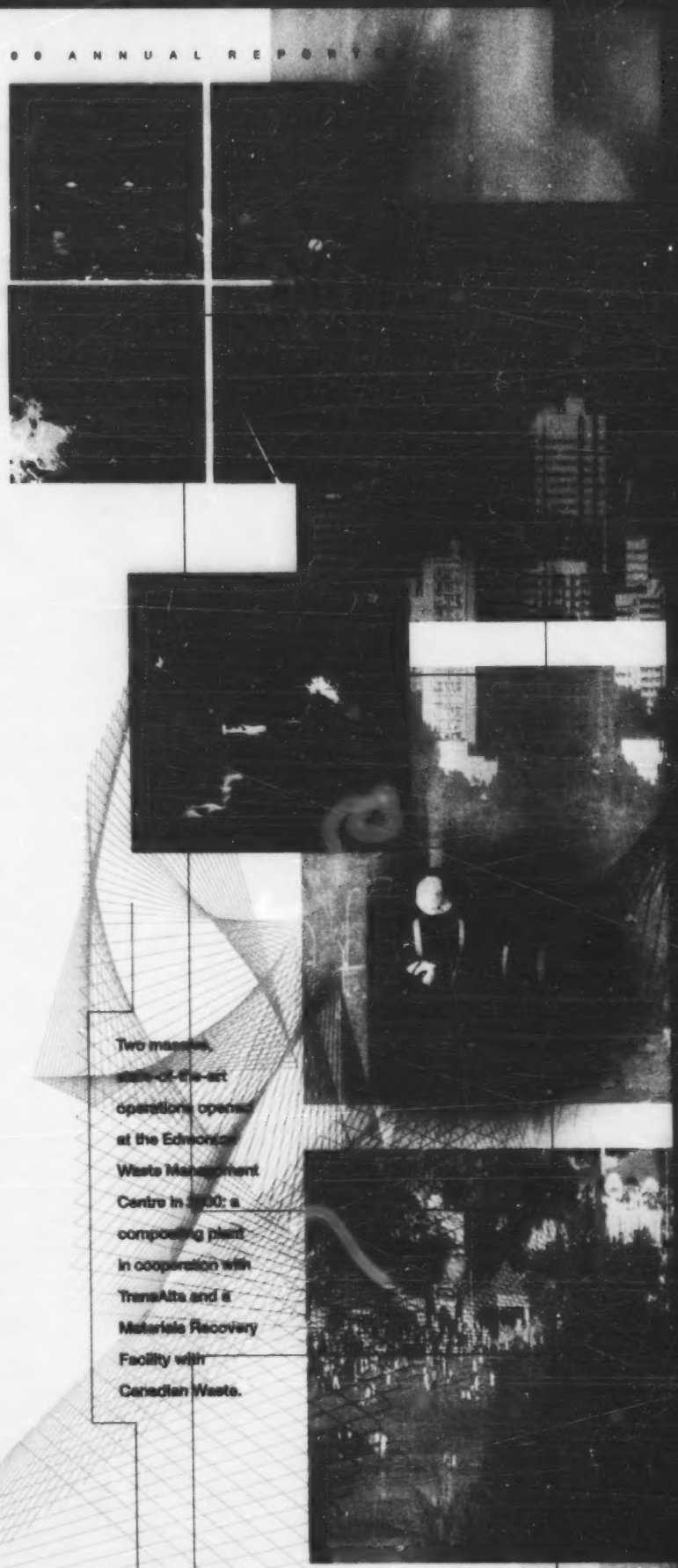
- Emergency Medical Services staff are the first in Canada to participate in international clinical trials of tenecteplase (TNK), a powerful new "clot buster" in the fight against heart attacks. Partnered with the University of Alberta, paramedics have administered the new drug to 36 people, more than any other site in the world, with verbal approval by emergency doctors.

On top with technology

- Use of PeopleSoft for time and payroll reporting prompted the *Financial Post* to hail Edmonton as a Canadian leader.

- The City's POSSE computer system confirmed sales to Indiana, Virginia, British Columbia and Ontario.

- Citizens can turn to the City's Internet site, http://maps.gov.edmonton.ab.ca, for detailed information about zoning and development anywhere in the city, including Edmonton's new zoning bylaw. Reviewed by City Council following a year of public consultation, that bylaw is the first comprehensive revision to the City's zoning framework since 1980.

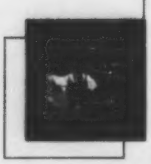


Two massive, state-of-the-art operations opened at the Edmonton Waste Management Centre in 2000: a composting plant in cooperation with TransAlta and a Materials Recovery Facility with Canadian Waste.

AWARD-WINNING GOVERNMENT

- The City's Annual Financial Report won the Canadian Award for Financial Reporting for the seventh year in row, and its budget documents received the Distinguished Budget Presentation Award for the third consecutive year. Both awards were made by the Government Finance Officers Association of the United States and Canada.
- The Advisory Board on Services for Persons with Disabilities earned the National Award of Excellence in Disability Management for public service initiatives.
- The APEX Award for Publication Excellence went to City LINK, the employee newsletter.
- A toolkit used to introduce the civic administration's new Vision, Values and Strategic Framework won the 2000 Education Award from the Canadian Association of Municipal Administrators and Royal Bank of Canada.
- The City earned four 2001 Showcase Awards from the Consulting Engineers of Alberta. The Gold Bar Wastewater Treatment Plant ultraviolet disinfection facility, the first in the world to apply this advanced technology on a large scale, won two Awards of Excellence in the Environmental and Technology Innovation categories, plus an Award of Merit in Infrastructure. In addition, an innovative oil removal system piloted in Mill Creek received an Environmental Award of Merit.
- Mobile Equipment Services (MES) won the Canadian Information Productivity Award of Excellence for MESIS, a system for managing the City's 3,300 disparate vehicles. MES also celebrated a decade with no lost-time accidents.
- Materials Management scored a Canadian first by picking up an international Excellence in Procurement Award.

A full 10 per cent of Edmonton's arterial network received attention in 2000, with a record 44 kilometres rehabilitated in addition to neighbourhood roadway work. This $100 million program, accomplished with minimal complaint and manageable traffic flow, ensures minor disruption in 2001 when Edmonton hosts two world athletic championships.



THE HORIZON

Welcome the Worlds!

- Edmonton is paving the way for an unforgettable summer on the world stage, hosting both the 2001 ITU Triathlon World Championship (July 21-22) and the 8th IAAF World Championships in Athletics (August 3-12). In true Edmonton style, a legion of volunteers will ensure success.
- The Triathlon will attract 2,000 competitors from 50 countries. The World Championships, the globe's third largest sporting event, will feature 3,000 elite athletes and team officials from more than 200 countries.
- Together, the events promise an estimated regional economic impact of $500 million, plus TV exposure worth billions.
- Permanent legacies include $30 million in capital improvements to Clarke Stadium, Commonwealth Stadium and Rollie Miles Park, as well as a new University of Alberta sports facility.

Closing the funding gap

- Inflation alone added more than $35 million to City of Edmonton operating costs for 2001, while programs abandoned by other governments continue to impact both the municipality and its residents. Edmonton's Long Range (to 2010) Financial Plan reflects that reality, predicting funding shortfalls.
- Meeting that challenge square-on, the City is taking these steps:
  - ▲ Review current services,
  - ▲ Seek a more equitable cost-sharing relationship with the province and
  - ▲ Scout for alternate sources of revenue.

Quality of life for all

- In Edmonton, as in other urban centres, poverty remains a significant challenge for too many families. Realizing this, the City will continue to pilot innovative programs that expand citizens' access to our quality of life.

- In one such pilot, social workers are training firefighters to recognize abuse, neglect, poverty and mental illness among people they meet in their work. City staff and resources also support community-based initiatives such as the Jasper Place Gateway Foundation in west Edmonton and the Beverly Town Community Development office in the northeast, helping to strengthen neighbourhoods through community kitchens, literacy efforts and much more.

- Affordable housing for low-income families and individuals is addressed through the work of the Edmonton Homelessness Task Force. Together, public and private partners are creating farsighted solutions including a land trust. Beyond those efforts, the City is defining its role for the coming decade through a Low-Income and Special Needs Housing Strategy, set for Council review early in 2001.

Expediting transportation

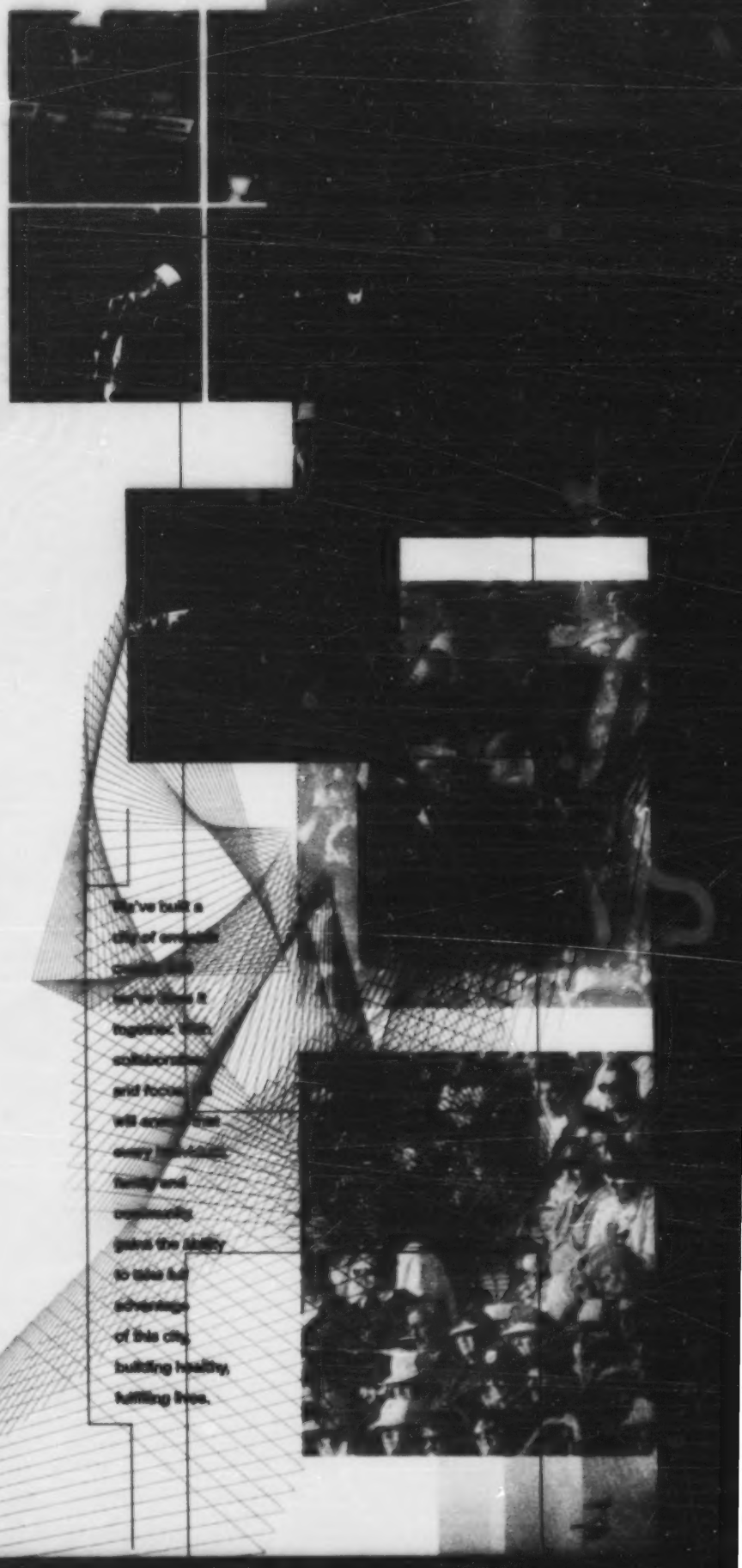
- Anthony Henday Drive, a key component of the region's north-south trade corridor and an important step in developing Edmonton's Outer Ring Road, should stretch all the way from Whitemud Drive to Calgary Trail by 2005.

- Long-awaited extension of South LRT to the Health Sciences Centre at the University of Alberta is included as a priority in the City's Five Year Capital Plan, with a projected cost of $100 million.

Enterprise initiatives

- A Centre of Excellence for education, training and research in waste management and wastewater treatment is taking shape, funded in part by federal infrastructure dollars.

- Operational changes to improve ambulance response include an all-Advanced Life Support system to allow the greatest possible emergency care, with at least one paramedic in every ambulance by June 2001.



REPORT FROM THE CHIEF FINANCIAL OFFICER

In addition to the requirement under the Municipal Government Act to prepare and publish annual financial statements, the annual report informs taxpayers and other members of the public about the City's financial performance in 2000.

As well, this report describes significant financial events occurring during 2000, explains the City's major financial policies, provides an assessment of the City's general financial condition and includes explanations of noteworthy items recorded in the accompanying financial statements.

The City trimmed $9 million from Edmonton's 2001 budget, adding to the $66 million cut over eight previous years, without straying from plans to eliminate the City's general debt by 2004.

2000 FINANCIAL HIGHLIGHTS

The 2000 financial statements of the City of Edmonton have been completed on a fund basis and comprise an operating fund, a capital fund and a reserves fund. The results of the three funds have then been consolidated to report the overall financial position and financial activities of the City.

Operating Fund

The 2000 consolidated operating fund net revenues were $272.5 million and after providing for certain budgeted transfers and debt repayments, the fund balance increased by $116.8 million to $1,623.5 million.

Net revenues for the general government tax-supported operations were $64.3 million and after transfers and debt repayment the fund increased by $30.0 million to $46.3 million. This fund increase is attributable to a general government tax levy operations surplus of $38.1 million and is offset by transfers from other funds of $8.1 million. This surplus in tax levy operations is primarily attributable to the $21.3 million unanticipated surplus distribution from the Alberta Municipal Financing Corporation, higher than anticipated tax and program revenues, lower than anticipated expenditures for tax appeals, snow and ice removal and waste management and is offset by the significant over expenditures in the self-insurance program.

Earnings on the Ed Tel Endowment Fund, established in 1995 with the proceeds of the sale of the telephone utility, exceeded the $39.4 million appropriation for general government operations by $36.4 million. The excess has been retained within the Endowment Fund. The overall market return on investments was 11.2 per cent. The net asset book value at December 31, 2000 is $577.3 million, while the market value is estimated to be $616.5 million.

Earnings in the the City of Edmonton Sinking Fund, established to meet future obligations to the purchasers of certain City of Edmonton debentures, exceeded required earnings by $15.4 million. Of that amount, $7.2 million is owing to EPCOR Utilities Inc. under an agreement entered into January 1, 1996. Future excess earnings within the Sinking Fund will be shared between the City and EPCOR Utilities Inc. The fund's remaining excess earnings at December 31, 2000, attributable to the City, is $31.1 million of which $23.4 million has been appropriated to fund capital expenditures over the period 2001 to 2004. An amount of $386.1 million has been accumulated for future debt retirement.

EPCOR Utilities Inc. contributed $149.3 million in current year earnings, exceeding the budgeted earnings of $105.7 million by 41.3 per cent. Dividends of $70.5 million and franchise fees of $29.2 million were transferred to support general government tax-supported operations.

Other operations within the consolidated entity, including the Sanitary Utility, land operations, mobile equipment operations, Edmonton Public Library and Economic Development Edmonton, earned $14.3 million, prior to transfers and debt repayment of $44.3 million.

Capital Fund

$239.8 million was expended on capital during 2000, excluding expenditures incurred within EPCOR Utilities Inc. Capital expenditures for tax-supported operations amounted to $167.5 million, which were financed on a pay-as-you-go basis including an allocation from operating revenues, government transfers, developer and surcharge contributions and transfers from reserves. The increase in the

fund balance of $9.2 million and the accumulated fund balance of $36.8 million is committed to capital projects approved by City Council in or prior to 2000.

Reserves Fund

The City maintains reserves designated for specific purposes as approved by City Council or the Boards of municipal entities. As at December 31, 2000 an amount of $80.1 million has been appropriated for future operating or capital purposes, an increase of $0.3 million over the level of the prior year.

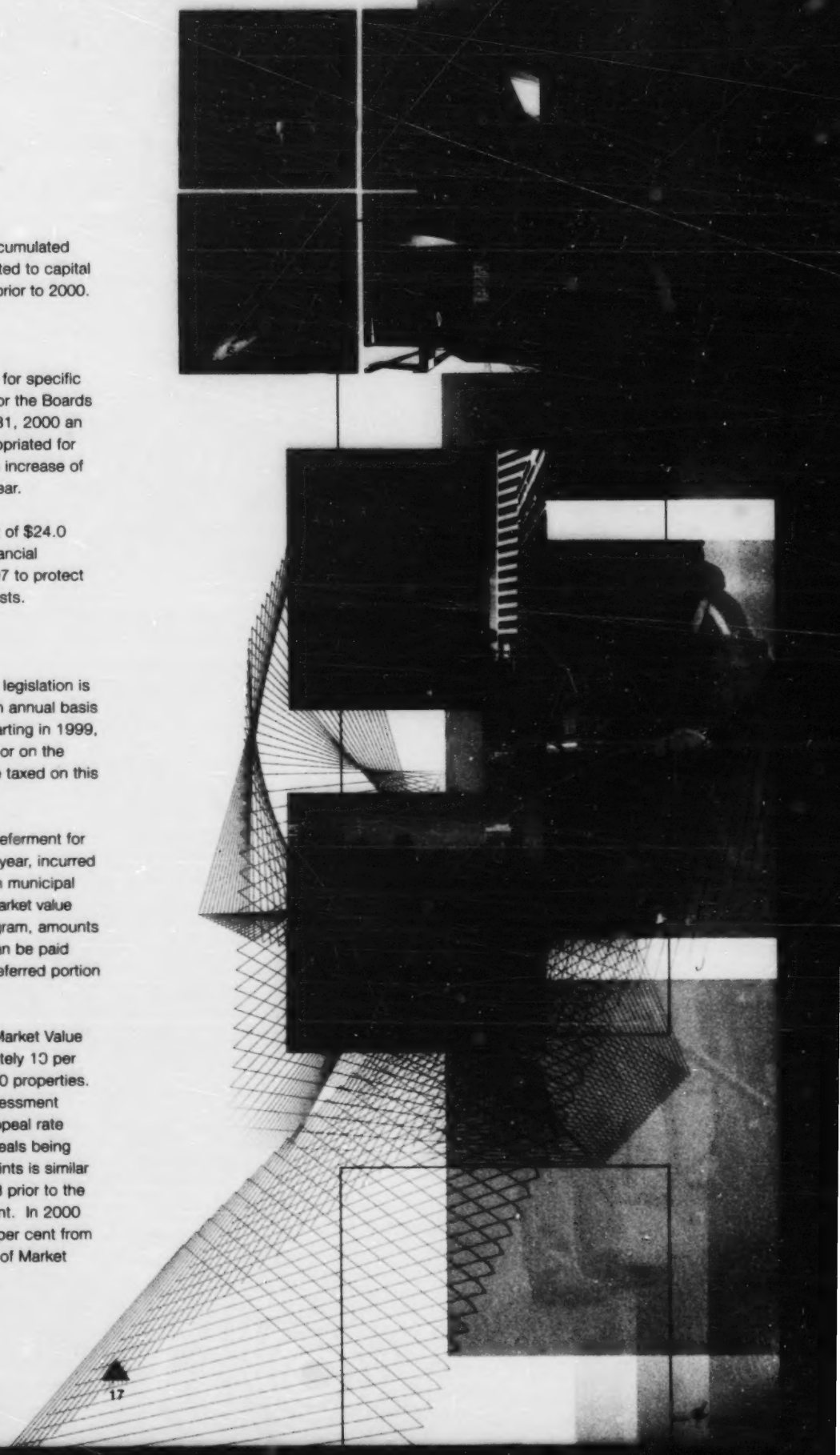
Of the overall reserves fund, an amount of $24.0 million has been accumulated in the financial stabilization reserve, established in 1997 to protect the City against unforseen operating costs.

Market Value Assessment

A requirement of provincial government legislation is that properties must be assessed on an annual basis to reflect current market conditions. Starting in 1999, all properties were assessed at market or on the basis of provincial regulations and were taxed on this value by the City of Edmonton.

City Council approved a one-time tax deferment for property owners who, for the 1999 tax year, incurred an increase of more than 10 per cent in municipal taxes as a result of the introduction of market value assessment. Under the deferment program, amounts exceeding the 10 per cent threshold can be paid over the following four years with the deferred portion being interest free in the first year.

It was anticipated that the first annual Market Value Assessment would generate approximately 10 per cent in appeals or approximately 22,000 properties. Public acceptance of Market Value Assessment exceeded expectations, wherein our appeal rate was only 7.5 per cent with 16,900 appeals being registered in 1999. This level of complaints is similar to levels experienced in 1997 and 1998 prior to the introduction of Market Value Assessment. In 2000 the level of complaints dropped by 55 per cent from 1999 indicating continued acceptance of Market Value Assessment.



REPORT FROM THE CHIEF FINANCIAL OFFICER

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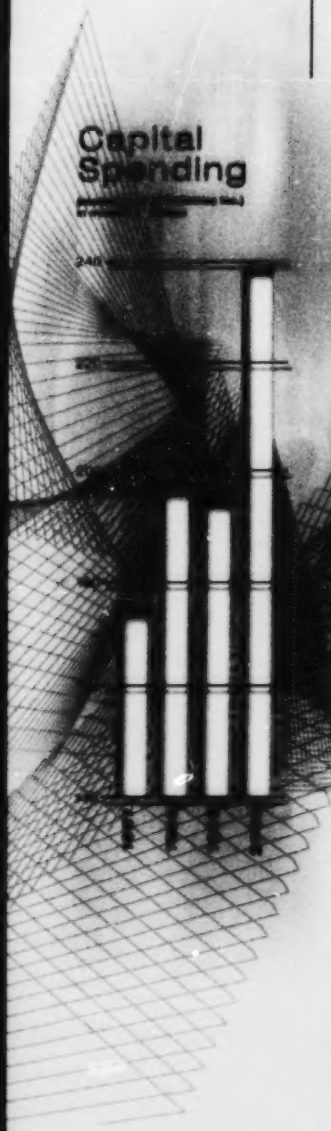


Finance Shared Services

Finance shared services continues to give priority to improving its customer service. Taking advantage of technology, improving processes and products, working with client business areas on strategic initiatives, and making organizational changes are the methods applied to improve customer service.

2001 Budget

The 2001 Operating and Capital Budgets were approved by City Council in December 2000. The budgets are based on a 2.8 per cent increase in the assessed property and business tax revenues, without any borrowing for capital. Citizens will not see this increase in 2001 as City Council also passed a one-year tax-shielding program. The program is funded through surplus earnings received from the Alberta Municipal Financing Corporation. A 2.0 per cent increase in the Sanitary Utility rate was also approved. The budget includes selected increases to user fees for various municipal services and a new transit fare strategy.

City contributions for 2001 capital expenditures, except for the Sanitary Drainage Utility, will be funded from pay-as-you-go funds, in compliance with the Debt Management Fiscal Policy. Additional one-time funding will also be provided from unappropriated sinking fund earnings.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Edmonton for its annual financial report for the fiscal year ended December 31, 1999. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. This is the seventh consecutive year that the City of Edmonton has received this award. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to the GFOA for consideration.

The City of Edmonton also received the 2000 Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada. This is the third straight year Edmonton has received this award. The award represents a significant achievement and reflects the commitment of Council and staff to meeting the highest principles of governmental budgeting. Edmonton has satisfied nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well the budget serves as a policy document, a financial document, an operations guide and a communication device.

-9

The City of Edmonton was also awarded the Achievement of Excellence in Procurement Award by the National Purchasing Institute. This international award recognizes organizational excellence in public procurement and is the first time a Canadian entry has won this prestigious award. This international award measures innovation, professionalism, productivity, leadership attributes and practices of public sector procurement organizations.

Conclusion

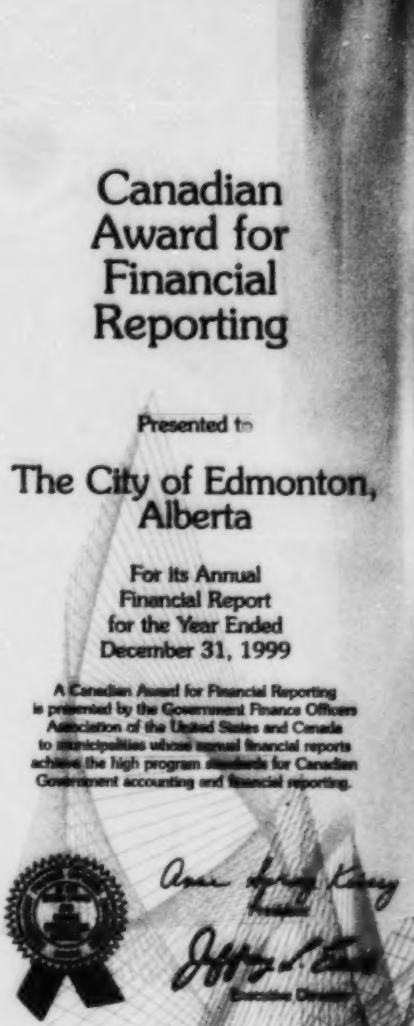
The year 2000 saw the refining and fine-tuning of systems, processes and organizational structures as a result of the prior three years of major structural and business changes. Operating and capital funding gaps identified in the long-range plans were reviewed with City Council, and specific strategies were developed to begin addressing these issues.

The City's low tax-supported debt, solid financial position and sound financial management has been appropriately recognized by credit rating agencies who rate the City as follows: Canadian Bond Rating Service AA-, Dominion Bond Rating Services AA (high) and Standard & Poors AA.

Looking ahead, the forecast for continuing strong economic growth in the Edmonton region will continue to challenge the City for funded services. 2001 also provides a unique opportunity for the City to display itself to the world as it is in the enviable position of the being the host to the world's biggest track meet, the 2001 World Championships in Athletics.

Randell W. Garvey, B. Admin., CMA
Chief Financial Officer

March 28, 2001


Canadian Award for Financial Reporting
Presented to
The City of Edmonton, Alberta
For its Annual Financial Report for the Year Ended December 31, 1999
A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.
Executive Director

FINANCIAL MANAGEMENT AND CONTROL

Budget Process

In 2000, the second City of Edmonton Corporate Business Plan was adopted, setting out goals, key strategies and specific corporate-wide initiatives for implementation during the period 2001-2003. The Long Range Financial Plan was updated and approved by City Council for the 2001-2010 period. In addition, three-year departmental business plans were prepared in conjunction with the preparation of the 2001 budget. These planning initiatives enabled the operating and capital budgets to be prepared based on a multi-year business planning perspective.

Edmonton's operating budget lays out the revenues and expenditures planned for the following year to deliver city services. The 2001 budget continues to use the more refined program-based budgeting approach that was implemented in 2000 to provide a greater focus on service delivery.

Edmonton's capital priorities plan and budget is a five-year plan identifying proposed capital project expenditures and their sources of financing. Proposed capital projects are assigned priorities based on a detailed set of criteria approved by Council. Those projects that fall within the Corporation's financial resources are recommended. Projects with a lower priority are deferred and may be considered in future budgets.

City Council values public consultation very highly during the development and review of the annual budgets. For the 2001 Budget, public input was provided through a citizen satisfaction survey, focus group sessions and a new community dialogue process with individual citizens and stakeholder groups. Also new in 2000, City staff and Council members went out to shopping malls around Edmonton to answer questions and provide information on the recommended budget. In addition, City Council held a public forum on the recommended budget.

Accounting Process

The City of Edmonton is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. In 1997, the City introduced a shared services model for its finance and accounting services. Under this model all business areas share a common accounting and reporting system, and financial and accounting services are administered under the direction of the Chief Financial Officer and delivered to each business area based on their need.

Auditing Process

The Municipal Government Act requires municipal councils to appoint an auditor. In 1999, Edmonton City Council appointed the firm of KPMG LLP, Chartered Accountants, as external auditor for a five-year term. The auditor must report to City Council on the annual consolidated financial statements and the financial information return of the municipality. The Act requires municipal financial statements to be prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Canadian Institute of Chartered Accountants.

The City also has a City Auditor. The Office of the City Auditor is independent of the City administration and reports directly to City Council through Executive Committee. The Office is empowered by Bylaw 12424, City Auditor. This bylaw establishes the position of City Auditor and the delegated powers, duties, and functions to this position. The City Auditor has two roles:

- Agent of Change Role—to conduct proactive and forward looking projects based on the provision of strategic, risk and control related consulting services to better serve the changing needs of the corporation and bring about improvement in program performance; and
- Guardian Role—to conduct projects directed primarily towards providing assurance through review of existing operations, typically focusing on compliance, efficiency, effectiveness, economy and controls.

Financial Policies

A number of significant financial policies, adopted by City Council, provide the direction for making operating and capital decisions.

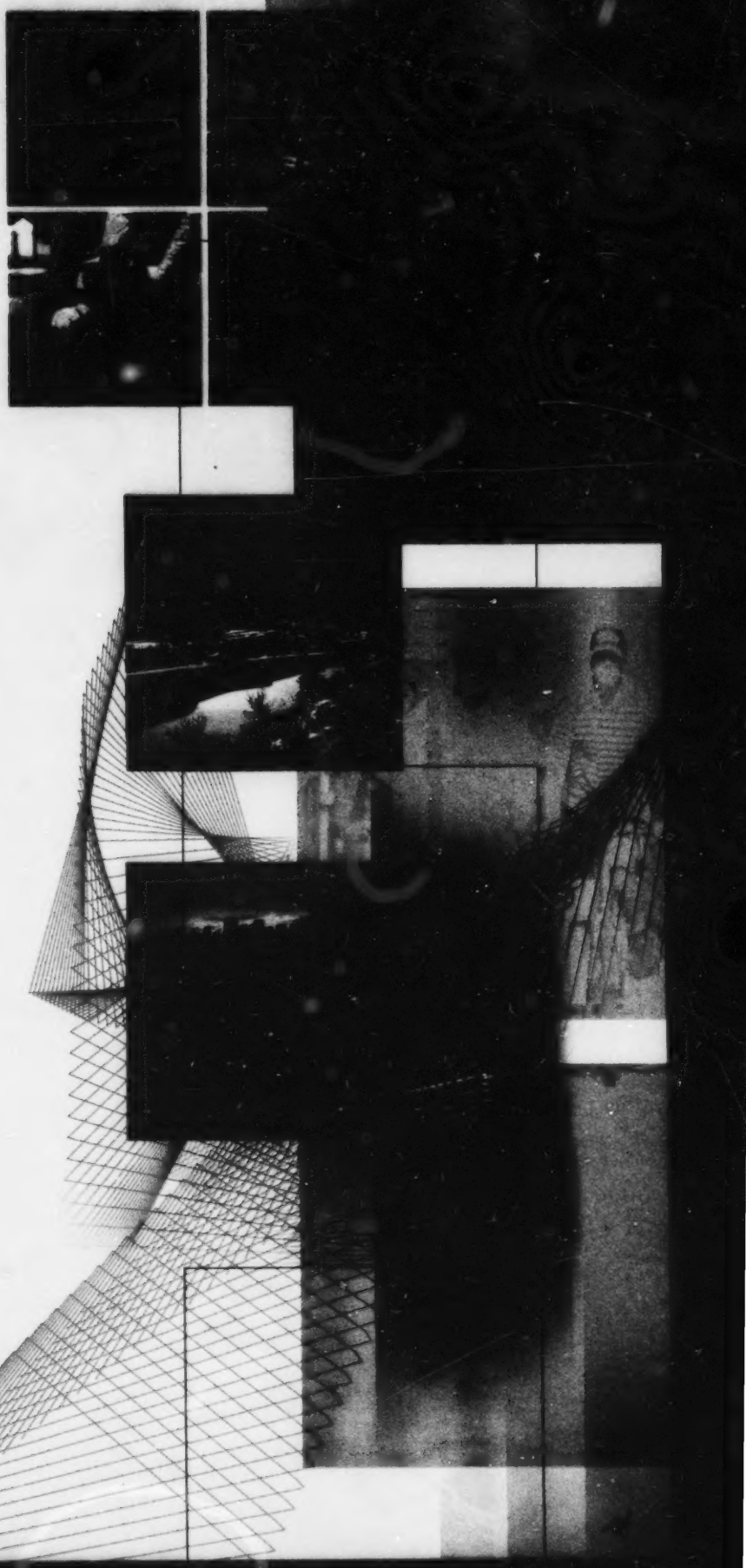
Property Tax Policy

In 1998, City Council adopted the recommendations of the Edmonton Property Tax Committee in formally establishing a policy on property tax. Under this policy, 57 per cent of the municipal property tax levy will be raised from residential taxpayers and 43 per cent from non-residential taxpayers through the 1999 taxation year. The municipal property tax structure in the year 2000 will be such that rental properties will be taxed at a rate approximately 20 per cent higher than single family residential properties, residential taxpayers will be levied no more than 59 per cent and no less than 54 per cent of the total tax levy and the mill rate differential between non-residential and residential municipal property taxpayers must be no more than 2.2 to 1 and no less than 1.5 to 1.

Debt Management Policy

In 1983, City Council adopted a plan to eliminate the City's general (non-utility) debt. This strategic financial plan requires that general municipal capital expenditures be financed 100 per cent by operating revenue and other funding sources such as grants.

Under the plan, no additional general debt has been issued for capital expenditures since 1990. Pay-as-you-go financing has grown from $7 million (in 1983) to $80 million in 2000 and is expected to reach approximately $96 million on the retirement of all general debt at the end of 2004.



FINANCIAL MANAGEMENT AND CONTROL

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Utility Fiscal Policies

City Council's utility fiscal policies govern the financial relationship between the City's General Fund and each of the municipally owned or operated utilities. These policies require each utility to charge sufficient rates to recover all operating costs, repay capital debt and earn a return, or profit, on the City's equity investment. The policies also require each utility to pay the City a franchise fee on utility revenue and to pay the City a portion of annual utility profits (except for the sewer utility) as a dividend. The dividend policy for EPCOR, the wholly owned electrical and water company, is established based on a percentage of budgeted earnings.

Investment Policy

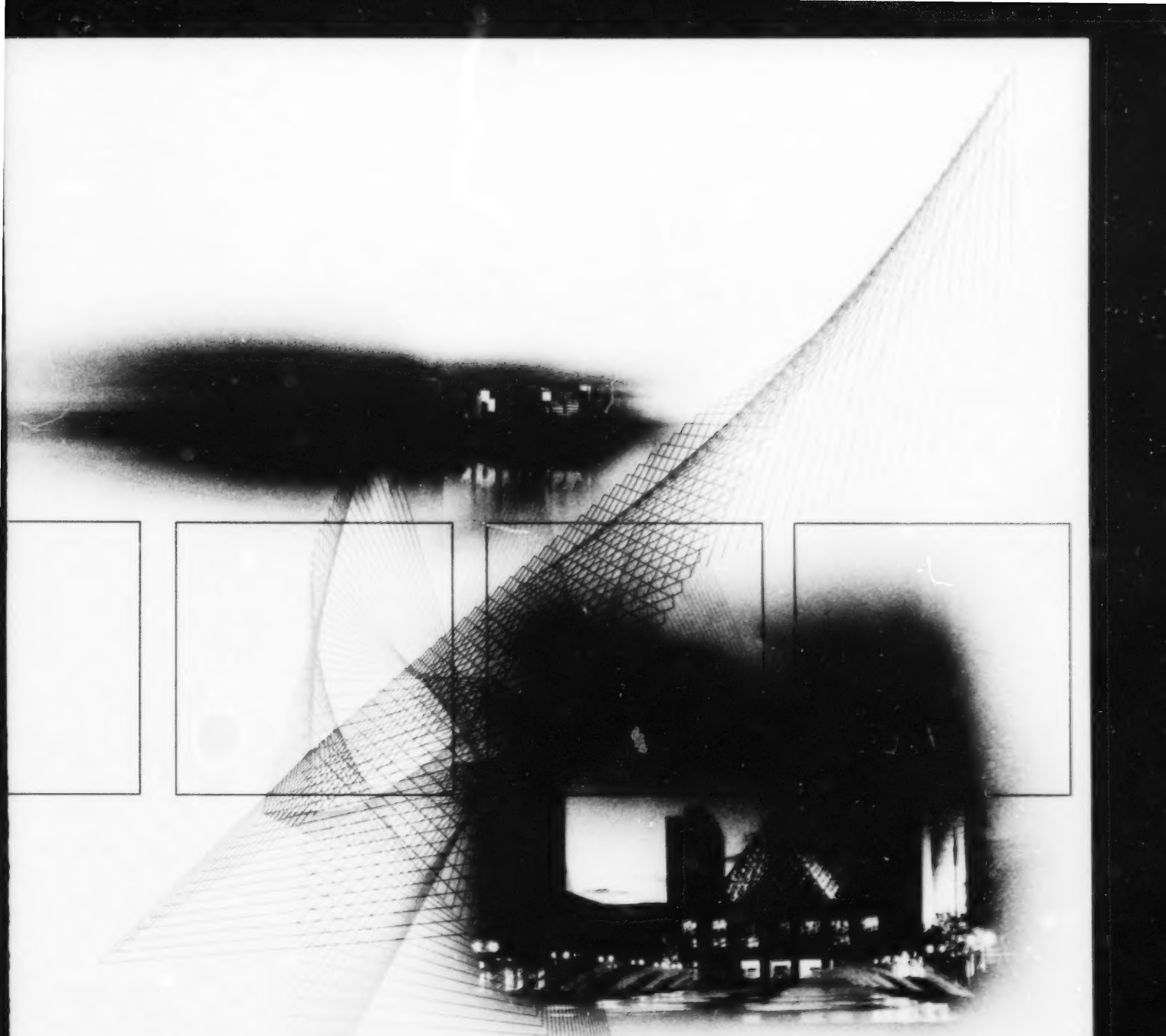
City Council approved an investment policy to ensure that funds that would otherwise remain idle in the bank are put to their best use through investments. These investments are made for the benefit of the citizens of Edmonton or, where they are pension or trust funds, for the benefit of designated beneficiaries.

The Investment Policy establishes objectives to preserve the original principal and to maximize investment returns within an acceptable level of risk. All investments must comply with the City of Edmonton's Investment Policy and the Municipal Government Act of Alberta.

The Investment Committee, appointed by the Chief Financial Officer, has responsibility for the prudent investment of the funds under its control. The Investment Committee oversees the activities of all investment managers, monitors their performance in relation to their established benchmarks, and reports to City Council at least once a year.

Financial Stabilization Reserve Policy

In 1997, City Council approved the Financial Stabilization Reserve Policy. The purpose of the policy is to establish a financial stabilization reserve to protect the City against unforeseen operating costs, to maintain stable taxes and other revenue sources, and to ensure the orderly provision of services to residents. The policy provides for one-half of annual general government operating surpluses to be added to the reserve, with a targeted balance of 7 per cent of general government operating expenditures.

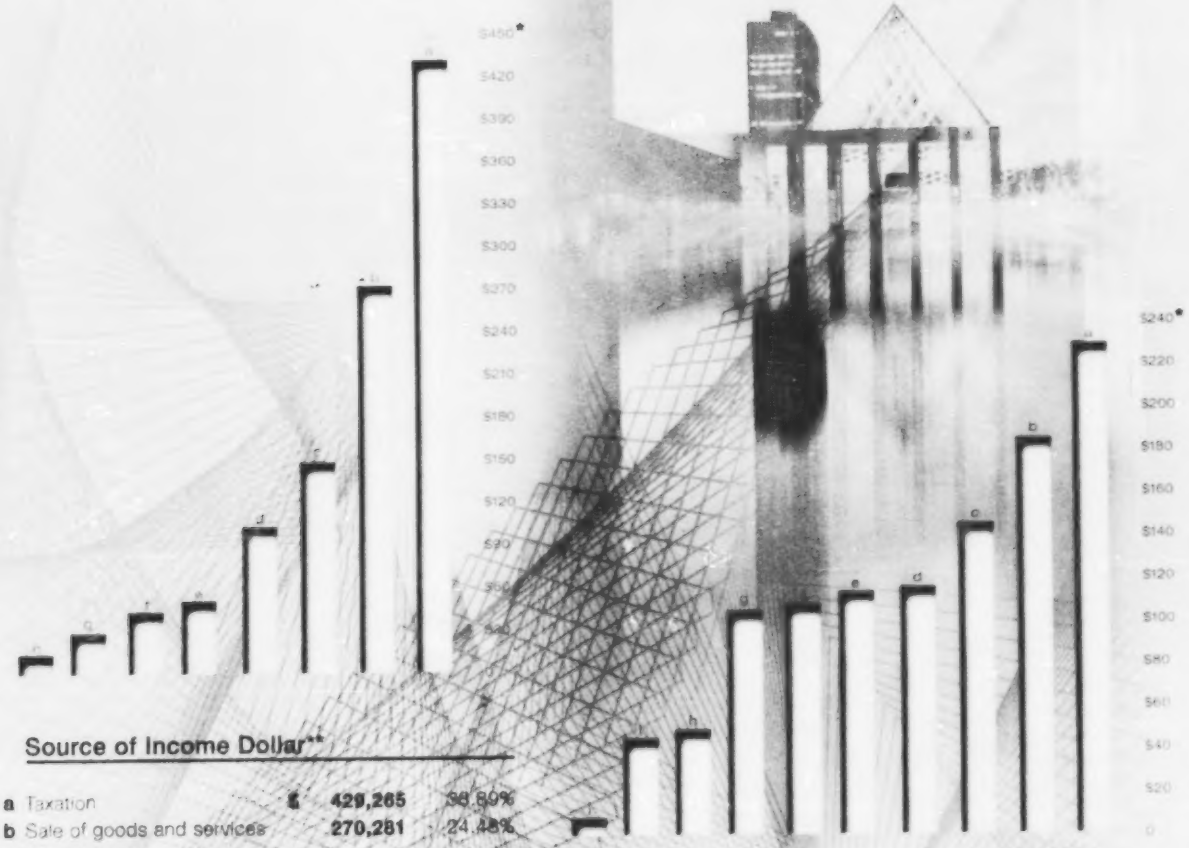


FINANCIAL INFORMATION 2000

THE CITY OF EDMONTON, ALBERTA, CANADA

FINANCIAL SYNOPSIS

Operating Fund – Source and Distribution of Income Dollar
2000 Results



Source of Income Dollar**

a	Taxation	**$ 429,265**	38.89%
b	Sale of goods and services	**270,281**	24.48%
c	Income from subsidiary operations	**149,252**	13.52%
d	Investment earnings	**112,526**	10.19%
e	Franchise fees	**52,654**	4.77%
f	Government transfers	**45,728**	4.14%
g	Fines and penalties	**29,656**	2.69%
h	Licences, permits and other	**14,526**	1.32%
		$ 1,103,889	100.00%

Distribution of Income Dollar**

a	Protective services	**$ 230,727**	20.90%
b	Transportation services	**182,703**	16.55%
c	Community services	**143,336**	12.98%
d	Increase in operating fund balance	**116,829**	10.58%
e	Corporate administration and general municipal	**116,363**	10.54%
f	Utility and enterprise services	**107,323**	9.72%
g	Transfers to reserve and capital funds	**105,610**	9.57%
h	Debt repayment	**50,109**	4.54%
i	Waste management and storm sewer	**44,652**	4.04%
j	Tax appeals and allowances	**6,237**	0.58%
		$ 1,103,889	100.00%

**in millions of dollars*
***in thousands of dollars*

MANAGEMENT'S REPORT

The management of The City of Edmonton is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants. The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls, as well as an internal audit function. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of KPMG LLP, Chartered Accountants. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Al Maurer, P.Eng.
City Manager

Randell W. Garvey, B. Admin., CMA
Chief Financial Officer

March 28, 2001

AUDITORS' REPORT

To His Worship the Mayor and Members of Council
The City of Edmonton

We have audited the consolidated statement of financial position of The City of Edmonton as at December 31, 2000 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The City of Edmonton as at December 31, 2000 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

KPMG LLP

Chartered Accountants
Edmonton, Canada

March 28, 2001

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

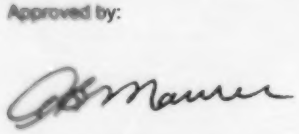
December 31, 2000
(in thousands of dollars)

	2000	1999 (Note 20)
Financial Assets		
Cash and short-term investments (Note 2)	$ 108,777	$ 107,262
Taxes receivable	27,176	31,949
Accounts receivable	47,168	64,470
Prepaid expenses	6,073	6,151
Land for resale	51,299	97,143
Long-term investments (Note 3)	1,036,568	766,466
Investment in subsidiary (Note 16)	919,512	840,760
Total Financial Assets	2,194,573	1,914,201
Physical Assets (Note 4)	755,580	722,775
Total Assets	2,950,153	2,636,976
Liabilities		
Accounts payable and accrued liabilities (Note 5)	168,321	145,086
Deposits	5,085	4,678
Deferred revenue (Note 6)	221,659	92,802
Employee benefit obligations (Note 7)	59,084	57,563
Long-term debt (Note 8)	316,316	343,425
Total Liabilities	770,465	643,554
Municipal Position		
Capital fund (Schedule 2)	36,795	27,594
Equity in physical assets	439,264	379,350
	476,059	406,944
Reserves fund (Schedule 3)	80,133	79,811
Operating fund (Schedule 1)	1,623,496	1,506,667
Total Municipal Position	2,179,688	1,993,422
Total Liabilities and Municipal Position	$ 2,950,153	$ 2,636,976

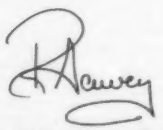
Commitments and contingent liabilities (Notes 17 and 18)

See accompanying notes to consolidated financial statements.

Approved by:



Al Maurer, P.Eng.
City Manager



Randell W. Garvey, B. Admin., CMA
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended December 31, 2000
(in thousands of dollars)

	2000	Budget	1999 (Note 20)
Revenues			
Net taxes available for municipal purposes (Note 12)	$ 429,265	$ 425,130	$ 413,122
User fees and sale of goods and services	270,430	248,740	251,063
Income from subsidiary operations (Note 16)	149,252	105,706	116,561
Investment earnings	112,526	65,547	68,617
Franchise fees	52,654	51,940	50,470
Government transfers (Note 13)	132,186	136,578	60,259
Developer and customer contributions	34,189	48,931	32,421
Fines and penalties	29,656	31,312	27,508
Licences and permits	14,414	11,560	12,060
	1,224,572	1,125,444	1,032,081
Expenditures (Note 15)			
Protective services:			
Police and bylaw enforcement	142,496	141,640	137,741
Emergency response	92,132	94,266	89,043
	234,628	235,906	226,784
Transportation services:			
Bus and light rail transit	132,136	143,295	131,199
Roadway and parking	172,438	228,286	145,721
	304,574	371,581	276,920
Community services:			
Parks and recreation	80,627	97,416	76,600
Community and family	12,238	12,619	12,093
Edmonton Public Library	24,597	23,786	22,499
Planning	12,107	13,796	10,449
Convention and tourism	15,605	13,719	12,620
Public housing	5,444	5,917	4,339
Grants	8,077	8,781	9,167
	158,695	176,034	147,767
Utility and enterprise services:			
Sanitary	82,464	107,127	71,235
Land	56,368	15,687	19,505
Mobile equipment	40,731	73,527	17,753
	179,563	196,341	108,493
Waste management and storm sewer	65,262	70,005	70,014
Corporate administration	68,167	74,061	67,893
General municipal	53,985	35,073	37,533
Tax appeals and allowances	6,237	13,743	8,847
	1,071,111	1,172,744	944,251
Excess of revenues over expenditures	153,461	(47,300)	87,830
Debenture borrowings	23,000	45,349	35,700
Debt repayment	(50,109)	(52,220)	(51,466)
Change in fund balances	$ 126,352	$ (54,171)	$ 72,064

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended December 31, 2000
(in thousands of dollars)

	2000	1999 (Note 20)
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenditures	$ 153,461	$ 87,830
Deduct non-cash item:		
Income from subsidiary operations	(149,252)	(116,561)
Decrease (increase) in taxes receivable	4,773	(2,569)
Decrease in accounts receivable	17,302	520
Decrease (increase) in prepaid expenses	78	(3,776)
Decrease in land for resale	45,844	3,086
Increase in accounts payable and accrued liabilities	23,235	13,217
Increase in deposits	407	229
Increase in deferred revenue	128,857	39,403
Increase (decrease) in employee benefit obligations	1,521	(3,692)
Cash provided by operating activities	226,226	17,687
Investing Activities		
Increase in long-term investments	(270,102)	(63,278)
Dividend from subsidiary	70,500	70,500
Decrease in investment in subsidiary		5,789
Cash (used) provided by investing activities	(199,602)	13,011
Financing Activities		
Debenture borrowings	23,000	35,700
Repayment of long-term debt	(50,109)	(51,466)
Cash used in financing activities	(27,109)	(15,766)
Increase (decrease) in cash position	(485)	14,932
Cash, beginning of year	107,262	92,330
Cash, end of year	$ 106,777	$ 107,262

Cash is represented by cash and short-term investments.

See accompanying notes to consolidated financial statements.

SCHEDULE 1 - OPERATING FUND

for the year ended December 31, 2000
(in thousands of dollars)

	2000	Budget	1999 (Note 20)
Revenues			
Net taxes available for municipal purposes (Note 12)	$ 426,265	$ 425,130	$ 413,122
User fees and sale of goods and services	270,281	248,740	250,927
Income from subsidiary operations (Note 16)	149,252	105,706	116,561
Investment earnings	112,526	65,547	68,617
Franchise fees	52,654	51,940	50,470
Government transfers (Note 13)	45,729	21,746	26,422
Developer and customer contributions	112		769
Fines and penalties	29,656	31,312	27,508
Licences and permits	14,414	11,560	12,060
	1,103,889	961,681	966,456
Expenditures			
Protective services:			
Police and bylaw enforcement	139,559	135,992	130,867
Emergency response	91,168	92,772	88,577
	230,727	228,764	219,444
Transportation services:			
Bus and light rail transit	112,971	116,514	110,986
Roadway and parking	69,732	64,851	69,771
	182,703	181,365	180,757
Community services:			
Parks and recreation	71,443	68,973	68,496
Community and family	12,238	12,619	12,093
Edmonton Public Library	21,835	21,492	20,491
Planning	9,869	10,372	10,364
Convention and tourism	14,430	12,664	11,700
Public housing	5,444	5,917	4,339
Grants	8,077	8,781	9,167
	143,336	140,818	136,650
Utility and enterprise services:			
Sanitary	44,646	46,419	43,288
Land	56,368	15,687	19,505
Mobile equipment	6,309	3,740	4,996
	107,323	65,846	67,789
Waste management and storm sewer	44,652	49,405	37,301
Corporate administration	62,378	62,920	62,249
General municipal	53,985	35,073	37,533
Tax appeals and allowances	6,237	13,743	8,847
	831,341	777,934	750,570
Excess of revenues over expenditures	272,548	183,747	215,886
Net interfund transfers			
To capital fund	(102,123)	(139,353)	(102,390)
To reserves fund	(3,487)	9,234	(10,637)
Debt repayment	(50,109)	(52,220)	(51,466)
Change in fund balance	116,829	1,408	51,393
Opening balance	1,506,667	1,506,667	1,455,274
Closing balance (Note 11)	$ 1,623,496	$ 1,508,075	$ 1,506,667

See accompanying notes to consolidated financial statements.

SCHEDULE 2 - CAPITAL FUND

for the year ended December 31, 2000
(in thousands of dollars)

	2000	Budget	1999 (Note 20)
Revenues			
Government transfers (Note 13)	$ 86,457	$ 114,832	$ 33,837
Developer and customer contributions	34,077	48,931	31,652
Other	149		136
	120,683	163,763	65,625
Expenditures			
Protective services:			
Police and bylaw enforcement	2,937	5,648	6,874
Emergency response	964	1,494	466
	3,901	7,142	7,340
Transportation services:			
Bus and light rail transit	19,165	26,781	20,213
Roadway and parking	102,706	163,435	75,950
	121,871	190,216	96,163
Community services:			
Parks and recreation	9,184	28,443	8,104
Edmonton Public Library	2,762	2,294	2,008
Planning	2,238	3,424	85
Convention and tourism	1,175	1,055	920
	15,359	35,216	11,117
Utility and enterprise services:			
Sanitary	37,818	60,708	27,947
Mobile equipment	34,422	69,787	12,757
	72,240	130,495	40,704
Waste management and storm sewer	20,610	20,600	32,713
Corporate administration	5,789	11,141	5,644
	239,770	394,810	193,681
Excess of expenditures over revenues	119,087	231,047	128,056
Net interfund transfers			
From operating fund	102,123	139,353	102,390
From reserves fund	3,165	6,505	3,898
Debenture borrowings	23,000	45,349	35,700
	128,288	191,207	141,988
Change in fund balance	9,201	(39,840)	13,932
Opening balance (Note 20)	27,594	27,594	13,662
Closing balance (Note 10)	$ 36,795	$ (12,246)	$ 27,594

See accompanying notes to consolidated financial statements.

SCHEDULE 3 - RESERVES FUND

for the year ended December 31, 2000
(in thousands of dollars)

	2000	Budget	1999 (Note 20)
Opening balance (Note 20)	$ 79,811	$ 79,811	$ 73,072
Add (deduct):			
Transfer from operating fund	10,481	2,432	28,267
Transfer to operating fund	(6,994)	(11,666)	(17,630)
Net transfer from operating fund	3,487	(9,234)	10,637
Transfer from capital fund	1,217		2,257
Transfer to capital fund	(4,382)	(6,505)	(6,155)
Net transfer to capital fund	(3,165)	(6,505)	(3,898)
Change in fund balance	322	(15,739)	6,739
Closing balance (Note 9)	$ 80,133	$ 64,072	$ 79,811

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2000
(in thousands of dollars)

The City of Edmonton is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act.

1. Significant Accounting Policies

The consolidated financial statements of The City of Edmonton (the City) are prepared by management in accordance with generally accepted accounting principles for municipal governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. In addition to general government tax-supported operations, they include the following:

Edmonton Sanitary Sewage System
Land Enterprise
Mobile Equipment Services
Ed Tel Endowment Fund
The Edmonton Public Library
Economic Development Edmonton

Interdepartmental and organizational transactions and balances are eliminated.

Certain subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 16). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. Subsidiary corporations accounted for in this manner are:

EPCOR Utilities Inc.
The City of Edmonton Non-Profit Housing Corporation

The statements exclude trust assets that are administered for the benefit of external parties (Note 19).

b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

c) Fund Accounting

Funds within the consolidated financial statements consist of the operating, capital and reserves funds. Transactions between funds are recorded as inter fund transfers.

d) Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

e) Long-Term Investments

Fixed income investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value. Purchase premiums and discounts are amortized on the present value basis over the terms of the issues.

Investments in common and preferred shares are recorded at cost, or at cost less amounts written off to reflect a permanent decline in value.

f) Physical Assets

Physical assets, comprised of capital assets, local improvements, land for future municipal purposes, and inventories of materials and supplies, are recognized as expenditures in the period they are acquired.

Capital assets employed in general government tax-supported operations are carried on the statement of financial position at cost net of financing provided from capital fund revenues, reserves fund, and operating funds. Capital assets employed in other operations are carried at cost, and the related financing from capital fund revenues, reserves funds, and operating funds is recorded as equity in physical assets.

Capital assets are amortized over their estimated useful lives.

Local improvements are authorized by property owners and undertaken by the City. The construction and borrowing costs are recovered through annual local improvement assessments during the period of the related borrowings.

Land for future municipal purposes is valued at cost. Inventories of materials and supplies are valued at the lower of average cost and replacement cost.

g) Equity in Physical Assets

Equity in physical assets represents the investment in physical assets, after deducting the portion financed by long-term debt.

h) Reserves Fund

The establishment of all reserve accounts requires the approval of City Council and funds are transferred to or from these accounts, as approved by City Council, unless otherwise decided by senior management. Management decisions with respect to reserve transfers are reported to City Council subsequent to the year end.

i) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

j) Foreign Currency

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at December 31 and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates in effect at the time of the transactions. Gains and losses on foreign currency translations are included as revenues (expenditures).

k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

2. Cash and Short-Term Investments

	2000	1999
Bankers' acceptances, treasury bills and commercial paper, at cost	$ 60,539	$ 119,929
Fixed income:		
Short-term notes and deposits	16,687	
Government and government guaranteed bonds	44,457	
Corporate bonds and debentures	12,407	
	73,551	
Cheques outstanding in excess of deposits	(27,313)	(12,667)
	$ 106,777	$ 107,262

Short-term notes and deposits have effective interest rates of 5.0 to 7.0 per cent (1999 – nil) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 5.7 to 12.9 per cent (1999 – nil) with maturity dates from December 1, 2002 to March 1, 2008 (1999 – nil). Market value of fixed income investments is $74,633 (1999 - nil).

3. Long-Term Investments

	Amortized Cost		Market Value	
	2000	1999	2000	1999
Cash	$ 1,670	$ 2,031	$ 1,670	$ 2,031
Amounts receivable - net	6,346	5,368	6,359	5,377
Fixed income:				
Short-term notes and deposits	76,782	38,499	76,813	38,668
Government and government guaranteed bonds	506,966	360,282	519,508	351,774
Corporate bonds and debentures	152,077	123,917	154,357	122,608
	735,825	522,698	750,678	513,050
Common and preferred shares:				
Canadian	187,253	156,121	225,558	206,244
International	105,454	80,228	109,692	101,560
	292,707	236,349	335,250	307,804
Other investments	20	20	20	20
	$ 1,036,568	$ 766,466	$ 1,093,977	$ 828,282

Short-term notes and deposits have effective interest rates of 5.5 to 8.7 per cent (1999 – 4.6 to 5.5 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 3.6 to 10.9 per cent (1999 – 3.7 to 10.5 per cent) with maturity dates from April 1, 2002 to December 29, 2049 (1999 – January 31, 2000 to March 1, 2039).

Included in the carrying value of long-term investments is $151,678 (1999 - nil) held exclusively for capital transportation projects (Note 6).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

4. Physical Assets

	Cost	Accumulated Depreciation	2000 Net Book Value	1999 Net Book Value
Capital assets:				
Sanitary Sewage System	$ 627,235	$ 138,578	$ 488,657	$ 460,719
Engineering structures	105,285	57,815	47,470	59,245
Land	1,344		1,344	1,344
Buildings	70,704	35,840	34,864	39,708
Vehicles	138,906	71,185	67,721	44,185
Machinery and equipment	5,946	2,124	3,822	3,936
	949,420	305,542	643,878	609,137
Local improvements	151,351	75,059	76,292	78,607
Land for future municipal purposes	21,483		21,483	21,330
Inventories of materials and supplies	13,927		13,927	13,701
	$ 1,136,181	$ 380,601	$ 755,580	$ 722,775

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is $10,886 (1999 - $9,853) of the estimated total landfill closure and post closure care expenditures of $11,597. The estimated liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenditures recognized as at December 31, 2000, based on the cumulative capacity used at that date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post closure care activities discounted at the City's average long-term borrowing rate of 8.6 per cent.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a forty year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill site is 6.1 per cent of its total estimated capacity and its estimated remaining life is 12 years, after which the period for post closure care is estimated to be 30 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

6. Deferred Revenue

Included in deferred revenue are the below noted funds, the use of which, together with any earnings thereon, is restricted by legislation or agreement with external parties. These funds are recognized as revenue in the period they are used for the purpose specified:

	2000	1999 (Note 20)
Capital transportation project funds	$ 186,574	$ 59,280
Municipal reserve land funds	16,819	14,095

The City received $201,449 in 2000 (1999 - $62,436) from the Province of Alberta for capital transportation projects. Under the funding agreement with the Province, the use of these funds is restricted to eligible expenditures on capital transportation projects as approved by the Minister of Infrastructure.

Under provincial legislation, the proceeds from the sale or use of certain municipal reserve lands and funds from developers in lieu of providing certain municipal land reserves is restricted to uses as provided for in that legislation. Funds from developers in lieu of land reserves in 2000 were $3,378 (1999 - $2,547).

Unexpended funds for capital transportation projects are supported by long-term investments of $151,678 (1999 - nil), held exclusively for funding these projects.

7. Employee Benefit Obligations

	2000	1999
Accrued vacation	$ 35,737	$ 34,068
Reorganization initiatives	1,152	1,965
Income replacement plan	13,403	13,670
Group life plan	4,514	5,279
Short-term disability plan	3,373	1,095
Other	905	1,486
	$ 59,084	$ 57,563

The City of Edmonton is undergoing organizational changes. Expenditures related to this reorganization have been recorded as expenditures of the period and as an employee benefit obligation.

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April of 1991. The outstanding liability will be paid to employees in accordance with the agreed upon terms and conditions of the plan. The liability is based on an actuarial valuation completed by the actuaries of Johnson Incorporated as at December 31, 2000.

The City sponsors certain employee benefit plans which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements, and administrative costs are applied to each of the respective plans. Net plan balances are retained, to offset future costs, or for such other uses as may be agreed between the City and the respective employee associations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

8. Long-Term Debt

a) Debt payable, issued in the name of the City, includes the following amounts:

	2000	1999
Debentures	$ 1,553,273	$ 1,652,562
Mortgages	14,070	14,269
	1,567,343	1,666,831
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	822,187	924,076
Royal Alexandra Hospital	743	1,699
Less sinking fund and debt defeasance fund assets	428,097	397,631
	$ 316,316	$ 343,425
Long-term debt is comprised of:		
Self-liquidating debt	$ 261,001	$ 273,821
Tax-supported debt	55,315	69,604
	$ 316,316	$ 343,425

The amount receivable from EPCOR Utilities Inc. relates to debentures issued in the name of the City on behalf of EPCOR Utilities Inc. and has the same repayment terms as the respective debt.

Outstanding debentures of $988,419 are secured by debt defeasance fund assets with a carrying value of $41,994 (market value - $45,413) and sinking fund assets with a carrying value of $386,104 (market value - $402,178) and required earnings of 5.0 to 7.0 per cent. Sinking fund assets are comprised of short-term notes and deposits, government and government guaranteed bonds and corporate bonds and debentures. Government and government guaranteed bonds include The City of Edmonton debentures with a carrying value of $23,581 (market value - $27,458).

Short-term notes and deposits have an effective interest rate of 6.1 per cent (1999 – 5.1 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 7.2 to 10.6 per cent (1999 – 5.8 to 10.4 per cent) with maturity dates from February 1, 2003 to October 15, 2018 (1999 – April 24, 2000 to June 1, 2027).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

Principal payments on long-term debt for the next five years, are as follows:

	2001	2002	2003	2004	2005
Self-liquidating debt	$ 134,857	$ 113,916	$ 100,511	$ 82,315	$ 71,866
Tax-supported debt	14,063	15,301	16,650	9,301	
	148,920	129,217	117,161	91,616	71,866
Less:					
Payments on offsetting amounts receivable	69,773	52,164	42,765	29,504	26,250
Sinking fund principal	28,736	28,736	28,736	27,376	25,387
	$ 50,411	$ 48,317	$ 45,660	$ 34,736	$ 20,229

Payments on offsetting amounts receivable and sinking fund principal amounts relate to self-liquidating debt. The above amounts do not include annual sinking fund required earnings.

b) **Debt Limit:**

Regulations under section 271 of the Municipal Government Act, as passed by the Province of Alberta, establish municipal debt limits. The debt limit for the City is two times revenue net of capital government transfers, as defined in the Regulation, or $1,977,726. Total debt at December 31, 2000 calculated as outlined in the Regulation is $360,218.

Limitations on the City's 2001 debt service are set as 0.35 times 2000 revenue net of capital government transfers or $346,102. Debt service, as defined in the Regulation, is $97,343.

c) **Maturities and interest rates:**

Existing long-term debt matures in annual amounts to the year 2025 and debenture interest is payable, before provincial subsidy, at rates ranging from 5.3 per cent to 12.0 per cent per annum. The average annual interest rate is 8.6 per cent for 2000 (1999 – 8.9 per cent), before rebate. The Province of Alberta rebates 60 per cent of interest in excess of 8 per cent, 9 per cent, and 11 per cent, for qualifying debt issues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

9. Reserves Fund

	2000	1999 (Note 20)
General Government:		
Financial Stabilization	$ 24,029	$ 24,227
Waste Management Rate Stabilization	15,890	15,890
Other	9,180	6,816
Snow Removal	7,600	7,600
Self Insurance	4,673	4,673
Downtown Housing Reinvestment Grant	3,292	3,541
Enterprise Portfolio	3,129	2,836
Capital City Recreation Park	2,900	2,700
Convention Centre Hotel	1,668	1,694
Accommodation	1,420	1,753
Interest Rebate	1,199	2,100
Convention Centre	1,150	1,136
Social Services Revenue Stabilization	1,132	1,075
	77,262	76,041
Economic Development Edmonton	1,190	1,187
Edmonton Public Library	1,681	2,583
	$ 80,133	$ 79,811

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

10. Capital Fund

The capital fund balance is comprised of the following:

	2000	1999 (Note 20)
Amounts to be financed:		
Inventories of materials and supplies	$ (11,669)	$ (11,389)
Land for future municipal purposes	(4,384)	(1,986)
Sanitary drainage physical assets	2,929	(2,821)
Other physical assets	(6,542)	(6,282)
	(19,666)	(22,478)
Financing available:		
Funds for future construction	56,461	50,072
	$ 36,795	$ 27,594

Amounts to be financed related to inventories of materials and supplies will be financed at the point they are utilized.

The remainder of the amounts to be financed will be considered within the City's Capital Priorities Plan (Note 17).

11. Operating Fund

	Dec. 31 1999	Revenues in Excess of Expenditures	Transfers and Debt Repayment	Dec. 31 2000
General Government				
- Operations	$ 16,380	$ 64,302	$ (34,343)	$ 46,339
- Excess earnings on Sinking Fund	29,418	8,257	(6,574)	31,101
Sanitary Sewage System		36,172	(36,172)	
Land Enterprise	54,440	(37,183)	6,064	23,321
Mobile Equipment Services	24,042	14,741	(13,775)	25,008
Ed Tel Endowment Fund	540,911	36,414		577,325
EPCOR Utilities Inc.	840,760	149,252	(70,500)	919,512
The Edmonton Public Library	272	(188)	235	319
Economic Development Edmonton	444	781	(654)	571
	$1,506,667	$ 272,548	$ (155,719)	$1,623,496

The general government operations fund balance at December 31 is fully appropriated. $23,400 of the December 31, 2000 excess earnings on the Sinking Fund balance is appropriated for capital expenditures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

12. Net Taxes Available for Municipal Purposes

	2000	1999
Taxes:		
Property and business taxes	$ 628,109	$ 611,002
Revenue in lieu of taxes	23,110	22,249
Local improvement levies	21,447	18,921
Other	2,705	2,671
	675,371	654,843
Less taxes on behalf of:		
Education	244,892	240,425
Business revitalization zones	1,214	1,296
	246,106	241,721
Net taxes available for municipal purposes	$ 429,265	$ 413,122

The City is required to levy taxes under section 353 of the Municipal Government Act towards the payment of education requisitions. Education tax revenues are recorded at the amounts levied. Taxes levied over (under) the amount requisitioned are recorded as accounts payable (receivable).

An amount of education taxes payable of $1,056 has been recorded at December 31, 2000 (1999 - $2,072) within accounts payable and accrued liabilities.

13. Government Transfers

The following government transfers have been included in revenues:

	2000	1999 (Note 20)
Operating transfers:		
Federal	$ 1,094	$ 1,306
Provincial	44,635	25,116
	45,729	26,422
Capital transfers:		
Federal:		
Shared cost agreements	377	142
Provincial:		
Shared cost agreements	112	62
Grants and entitlements	85,968	33,633
	86,080	33,695
	86,457	33,837
	$ 132,186	$ 60,259

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

14. Executive Salaries and Benefits

The following executive salaries and benefits are disclosed as required by Regulations under section 276 of the Municipal Government Act passed by the Province of Alberta.

	Salaries	Benefits	2000 Totals	1999 Totals
Mayor	$ 94	$ 11	$ 105	$ 99
Councillors (12)	646	10	656	545
Chief administrative officer	118	5	123	194
City Assessor	92	7	99	91
	$ 950	$ 33	$ 983	$ 929

Executive salaries and benefits are included in corporate administration expenditures.

15. Expenditures by Object

	2000	1999
Salaries, wages and employee benefits	$ 498,358	$ 472,447
Contracted and general services	327,058	255,693
Materials, goods, supplies, and utilities	172,461	156,947
Interest and bank charges	43,060	38,315
Other	30,174	20,849
	$ 1,071,111	$ 944,251

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

16. Subsidiary Corporations

a) EPCOR Utilities Inc.

EPCOR Utilities Inc., established by City Council under City Bylaw 11071, is wholly owned by The City of Edmonton and provides regulated and unregulated electric utility services, water utility services, and complementary commercial services.

The following table provides condensed supplementary financial information for EPCOR Utilities Inc.

	2000	1999
Financial position:		
Current assets and deferred assets	$ 439,905	$ 158,436
Capital assets	2,591,748	2,183,237
Other assets	23,863	15,346
Total assets	3,055,516	2,357,019
Current liabilities (including current portion of long-term debt of $86,658)	959,040	452,539
Non-current liabilities	5,576	9,103
Long-term debt	1,171,388	1,054,617
Total liabilities	2,136,004	1,516,259
Net assets	919,512	840,760
Results of operations:		
Revenues	1,421,392	1,000,006
Operating expenses	1,150,845	765,391
Financing expenses	122,510	119,854
Other income	1,215	1,800
Net income	$ 149,252	$ 116,561

The above information is as reported by EPCOR Utilities Inc. Long-term debt reported by EPCOR Utilities Inc. has been issued in the name of the City. Offsetting short and long-term receivables from EPCOR Utilities Inc. have been applied to reduce the consolidated long-term debt (Note 8).

The following summarizes the City's related party transactions with EPCOR Utilities Inc. for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	2000	1999
Dividend received	$ 70,500	$ 70,500
Power and water purchased	17,085	16,149
Other services purchased	22,610	22,295
Franchise fees and revenue tax received	29,168	27,497
Property taxes and other taxes	9,834	10,886
Sales of administrative and construction services	17,138	15,328
Excess earnings in Sinking Fund available to EPCOR Utilities Inc. as at December 31	23,154	15,826

EPCOR Utilities Inc. has issued letters of credit for $210.6 million (1999 - $4.6 million) to meet the credit requirements of the deregulated electricity marketplace and to satisfy legislated reclamation requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

b) The City of Edmonton Non-Profit Housing Corporation (Non-Profit Housing Corporation)

The City is the sole shareholder of Non-Profit Housing Corporation, established in 1977 for the purpose of providing non-profit housing for the citizens of Edmonton.

The following table provides condensed supplementary financial information for Non-Profit Housing Corporation.

	2000	1999
Financial position:		
Current assets	$ 3,191	$ 3,400
Housing projects	27,301	28,259
Total assets	30,492	31,659
Current liabilities	1,405	1,256
Mortgages payable	27,563	28,644
Total liabilities	28,968	29,900
Replacement reserves	860	841
Net assets	664	918
Results of operations:		
Revenues - rental	3,670	3,575
Revenues - operating assistance	1,120	1,253
Rental expenses	4,315	4,193
Administrative expenses	246	220
Other income	90	90
Net income	$ 319	$ 505

Pursuant to operating agreements, Non-Profit Housing Corporation receives subsidies from Canada Mortgage and Housing Corporation (CMHC) and Alberta Social Housing Corporation (ASHC). The Corporation has utilized the method of calculation of replacement reserves as permitted under the current understandings with the funding agencies. Due to the inherent uncertainties surrounding the replacement reserves requirements and appropriations of other net assets, the investment in Non-Profit Housing Corporation is carried at nil value in the consolidated financial statements of The City of Edmonton.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

17. Commitments

a) Capital Requirements:

City Council has approved a 2001 - 2005 Capital Priorities Plan of $568,697. The 2001 requirement of $286,077 is to be funded as follows:

Reserves, grants, and developer contributions	$ 166,008
Self-liquidating debentures	31,075
Pay-as-you-go financing	88,994
	$ 286,077

Capital requirements related to EPCOR Utilities Inc. are not included in the Capital Priorities Plan.

b) Pension Plans:

i) Local Authorities Pension Plan:

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan which is one of the plans covered by the Public Sector Pension Plans Act.

The City is required to make current service contributions to the Plan of 5.025 per cent of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 6.900 per cent thereafter. Employees of the City are required to make current service contributions of 4.025 per cent of pensionable salary up to YMPE and 5.900 per cent thereafter. Contributions for current and past service are recorded as expenditures in the year in which they become due.

Total current and past service contributions by the City to the Local Authorities Pension Plan in 2000 were $15,855 (1999 - $15,022). Total current and past service contributions by the employees of the City to the Local Authorities Pension Plan in 2000 were $13,217 (1999 - $12,583).

ii) Special Forces Pension Plan:

Police officers employed by the City are participants in the Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 9.05 per cent of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Participants of the SFPP are required to make current service contributions of 7.95 per cent of pensionable salary and past service contributions of 0.75 per cent of pensionable salary to the Plan. Contributions for current and past service are recorded as expenditures in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2000 were $6,672 (1999 - $6,337). Total current and past service contributions by the participants to the SFPP in 2000 were $6,006 (1999 - $5,657).

iii) Annuity Fund:

The City provides pension benefits to members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta. An actuarial valuation of the Plan as at December 31, 2000 was performed by Aon Consulting and disclosed an actuarial surplus of $6,023. This surplus represents the excess of the market value of the Plan net assets of $6,215 over the estimated actuarial present value of pension benefits of $192. This actuarial surplus has not been recorded within the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

iv) Police Supplementary Pension Fund:

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the Local Authorities Pension Plan for 41 beneficiaries. There are no active police officers enrolled in PSPP and no further contributions are expected to be made to the Fund. An actuarial valuation of the Plan as at December 31, 2000 was performed by Aon Consulting and disclosed an actuarial surplus of $4,451 which represents the excess of the market value of Plan net assets of $5,636 over the actuarial present value of pension benefits of $1,185. This actuarial surplus has not been recorded within the consolidated financial statements.

v) Fire Fighters' Supplementary Pension Fund:

The Fire Fighters' Supplementary Pension Plan (FFSPP) is a defined benefit pension plan covering members of the City Fire Fighters' Union. Pensions are payable to retired fire fighters and surviving spouses of deceased fire fighters. This pension is reduced by the pension payable to the member under the Local Authorities Pension Plan. Active fire fighters continue to earn pension credits under the FFSPP.

An actuarial valuation of the Plan as of December 31, 2000 was performed by Aon Consulting and disclosed an actuarial surplus of $37,575, which represents the excess of the market value of the Plan net assets of $102,483 over the estimated actuarial present value of accrued plan benefits of $64,908. This surplus has not been recorded in the consolidated financial statements.

vi) Fire Chief and Deputy Fire Chief Supplementary Pension Fund:

The City of Edmonton Fire Chief and Deputy Fire Chief Supplementary Pension Plan is a defined benefit pension plan covering employees in the position of fire chief and deputy fire chief. Contributions are made by Plan members and the City. The pension is reduced by the pension payable to the member under the Local Authorities Pension Plan.

An actuarial valuation of the Plan as at December 31, 2000 was performed by Aon Consulting and disclosed an actuarial unfunded liability of $276, which represents the deficiency of the market value of the Plan net assets of $1,081 over the estimated actuarial present value of pension benefits of $1,357. This liability has not been recorded in the consolidated financial statements.

18. Contingent Liabilities

a) The City is defendant in various lawsuits as of December 31, 2000. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the City Solicitor believes there will be no material adverse effect on the financial position of the City.

b) The City is reviewing environmental objectives and liabilities for its activities and properties, and potential site reclamation obligations. The amount of any such obligations has not been determined.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended December 31, 2000
(in thousands of dollars)

19. Trust Assets and Liabilities

The City administers the following trusts on behalf of third parties. As related trust assets are not owned by the City, the trusts have been excluded from the consolidated financial statements.

	Dec. 31 1999	Deposits (Withdrawals)	Earnings	Dec. 31 2000
Pension Fund Net Assets:				
Annuity Fund	$ 5,678	$ (70)	$ 607	$ 6,215
Police Supplementary Pension Fund	5,206	(124)	554	5,636
Fire Fighters' Supplementary Pension Fund	90,199	2,642	9,640	102,481
The City of Edmonton Supplementary Pension Plan For Employees in the Positions of Fire Chief and Deputy Fire Chief	1,161	(202)	122	1,081
	102,244	2,246	10,923	115,413
Long-term Disability Plan	30,050	1,677	2,356	34,083
Other	334	(105)	13	242
	$ 132,628	$ 3,818	$ 13,292	$ 149,738

Pension Fund assets include fixed income investments in government and government guaranteed bonds, corporate bonds, short-term notes and deposits, valued at market quotations from Canadian investment dealers, and common and preferred shares valued at the closing price on the stock exchange where listed. Assets of the pension funds are administered by the Investment Committee of The City of Edmonton.

20. Prior Period Adjustments

Certain funds, the use of which is restricted by agreement with external parties or legislation, previously accounted for in the reserves fund and capital fund, have been restated as deferred revenues to more appropriately reflect the restrictions imposed over the use of these funds.

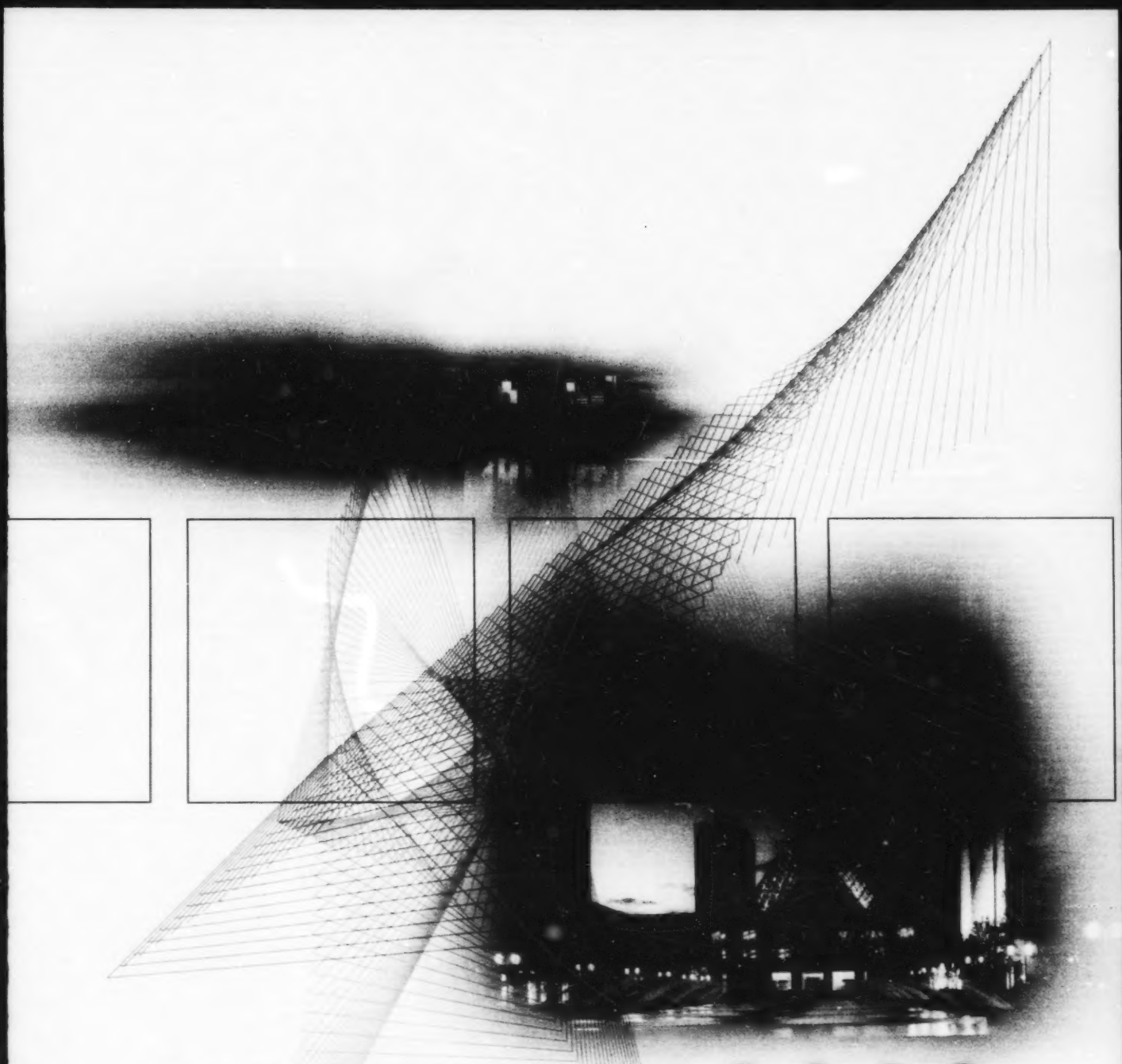
These changes have been applied retroactively and the previously reported 1999 reserves and capital fund opening balances have decreased by $17,231 and $26,348 respectively and the 1999 deferred revenue opening balance has increased by $43,579.

The fund closing balances and deferred revenue as at December 31, 1999 and the excess of revenues over expenditures for 1999 have increased (decreased) over those previously reported as follows:

Capital fund	$ (59,280)
Reserves fund	(18,676)
Deferred revenue	77,956
Excess of revenues over expenditures	(34,377)

21. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.



SCHEDULES & STATISTICS 2000

THE CITY OF EDMONTON, ALBERTA, CANADA

SCHEDULES AND STATISTICS
STATISTICAL REVIEW FOR THE YEARS 1996 TO 2000

Unaudited

(in thousands of dollars)

	2000	1999	1998	1997	1996
Population (Note 1)	648,284	648,284	616,306	616,306	616,306
Population age distribution (%)					
0-4	5.93	5.93	6.93	6.93	6.93
5-19	19.86	19.86	19.98	19.98	19.98
20-29	16.61	16.61	16.21	16.21	16.21
30-39	17.08	17.08	18.65	18.65	18.65
40-49	15.64	15.64	14.75	14.75	14.75
50-59	9.75	9.75	8.83	8.83	8.83
60-64	3.68	3.68	3.58	3.58	3.58
65+	11.45	11.45	11.07	11.07	11.07
Area - in hectares	70,067	70,067	70,067	70,067	70,067
- in square kilometers	700	700	700	700	700
Value of building permits	$ 786,706	$ 657,535	$ 674,649	$ 546,540	$ 406,537
Number of housing starts (per Canada Mortgage and Housing Corporation)	3,765	3,932	3,591	3,015	1,935
Consumer price index - 1992 base year (per Statistics Canada)					
Edmonton	115.9	112.2	109.7	108.7	106.8
Alberta	117.4	113.4	110.7	109.5	107.3
Canada	113.5	110.5	109.3	107.6	105.9
Unemployment rate (%) - annual average (per Statistics Canada)					
Edmonton	5.5	5.9	6.2	6.9	8.5
Alberta	5.0	5.7	5.7	6.0	7.0
Canada	6.8	7.6	8.3	9.2	9.7
City of Edmonton employees (Note 2)	8,976	8,443	8,482	8,618	8,706

Notes:

1. The population figures are as per the 1996 and 1999 Canada Census.
2. Positions are stated in full time equivalents (FTE's).

SCHEDULES AND STATISTICS
STATISTICAL REVIEW FOR THE YEARS 1996 TO 2000 (continued)

Unaudited

(in thousands of dollars, except per capita)

	2000	1999	1998	1997	1996
Assessment:					
Total taxable assessment	$ 33,654,816	$ 32,724,906	$ 28,518,674	$ 27,713,496	$ 29,917,605
Percentage of total assessment represented by:					
Residential properties	75.07	74.0	72.1	72.9	69.6
Commercial properties	24.93	26.0	27.9	27.1	30.4
Taxable assessment per capita	$ 51,914	$ 50,479	$ 46,274	$ 44,967	$ 48,543
Market value of taxable assessment (Note 1)	$ 33,654,816	$ 32,724,906	$ 30,574,422	$ 28,396,369	$ 29,487,005
Assessment for principal taxpayers (%)	8.2	6.7	5.5		
Rates of taxation (mills):					
Single family residential	13.43	13.50	15.19	14.96	14.87
Other residential property	14.88	14.94	16.66	16.38	16.19
Commercial and industrial	25.60	25.00	27.62	27.62	26.23
Tax levy, collections, and arrears:					
Current year's levy:					
Property	$ 581,225	$ 564,127	$ 537,518	$ 536,745	$ 569,407
Business	71,036	68,467	64,184	65,271	63,421
Collections:					
Property	$ 577,516	$ 549,207	$ 528,038	$ 503,740	$ 539,975
Business	71,291	67,814	64,864	66,524	64,005
Arrears at December 31- net:					
Property	$ 25,535	$ 29,938	$ 28,024	$ 33,689	$ 43,528
Business	1,641	2,011	1,356	1,411	2,856
Percentage of current property taxes collected	97.8	94.2	95.5	88.9	91.5
Percentage of net property tax arrears collected	31.0	63.2	44.4	60.9	53.5
Property tax arrears per capita (gross)	$ 55.52	$ 58.18	$ 63.74	$ 73.72	$ 101.26
Property tax arrears per capita (net)	39.39	46.18	45.47	54.66	70.63
Property tax levy per capita	896.56	870.18	872.16	870.91	923.90
Education Taxes (Note 2)	244,892	240,425	232,682	246,727	267,177

Source: City of Edmonton Corporate Services Department

Notes:

1. Effective in 1999 The City of Edmonton adopted market value assessment as the basis for property taxation.
2. Education taxes in 1997 to 2000 reflect the amounts collected for education. Education taxes prior to 1997 reflect amounts requisitioned by the Province of Alberta and/or the School Boards.

SCHEDULES AND STATISTICS
STATISTICAL REVIEW FOR THE YEARS 1996 TO 2000 (continued)

Unaudited
(in thousands of dollars)

	2000	1999	1998	1997	1996
Investment funds (Note 1)					
Ed Tel Endowment Fund					
Net assets-market value	$ 616,509	$ 593,130	$ 582,872	$ 580,863	$ 548,315
Net assets-cost	577,325	540,911	532,037	527,420	493,332
Net earnings	75,809	47,391	52,458	70,388	55,631
Fund rate (%)	14.0	8.9	10.0	14.3	11.7
Market (%)	11.2	8.6	9.4	12.9	16.9
The Reserves Fund					
Net assets-market value	$ 283,197	$ 220,724	$ 173,726	$ 118,750	$ 72,477
Net assets-cost	269,036	211,434	165,056	111,953	67,059
Net earnings	15,983	9,810	9,380	9,917	7,634
Fund rate (%)	7.6	5.8	8.2	9.4	11.0
Market (%)	9.5	5.9	9.4	10.3	14.0
The Sinking Fund					
Net assets-market value	$ 458,607	$ 389,329	$ 374,149	$ 383,890	$ 388,063
Net assets-cost	440,285	383,872	330,336	342,792	353,167
Net earnings					
Required	18,849	16,453	17,144	18,300	15,695
Unappropriated	15,398	8,343	13,721	9,050	11,068
Total	34,247	24,796	30,865	27,350	26,763
Fund rate (%)	8.4	7.2	8.9	7.6	7.9
Market (%)	11.8	-3.4	9.4	8.3	11.1
The Transportation Fund (Note 2)					
Net assets-market value	$ 153,476				
Net assets-cost	151,678				
Net earnings	7,789				
Fund rate (%)	6.5				
Market (%)	8.7				
Combined funds					
Net assets-market value	$ 1,511,789	$ 1,203,183	$ 1,130,747	$ 1,083,503	$ 1,008,855
Net assets-cost	1,438,324	1,136,217	1,027,429	982,165	913,558
Net earnings	133,828	81,997	92,703	107,655	90,028

Notes:
1. a) Net earnings are realized earnings of the fund in accordance with generally accepted accounting principles.
   b) Fund rate is the rate expressed as the earnings for the year over the weighted average of total assets employed.
   c) Market return is based on the time weighted method in accordance with industry standards.
2. The Transportation Fund was established March 31, 2000.

SCHEDULES AND STATISTICS
STATISTICAL REVIEW FOR THE YEARS 1996 TO 2000 (continued)

Unaudited

(in thousands of dollars)

	2000	1999	1998	1997	1996
Revenue - operating fund:					
General government revenue	$ 784,244	$ 712,789	$ 713,467	$ 679,965	$ 718,652
Utility revenue (Note 1)	80,726	79,655	67,361	62,120	85,217
Income from subsidiary operations	149,252	116,561	121,085	116,312	108,263
Other revenue	89,667	57,451	77,588	92,963	76,534
	$ 1,103,889	$ 966,456	$ 979,501	$ 951,360	$ 988,666
General government operating fund revenue (%):					
Taxation	54.7	57.7	55.1	55.9	55.5
Sale of goods and services	18.9	18.3	19.2	20.4	18.2
Franchise fees	6.7	7.0	7.1	7.6	7.6
Appropriation from Ed Tel Endowment Fund	5.0	5.4	6.7	5.3	5.1
Government transfers	5.4	3.2	3.5	3.1	6.6
Other	9.3	8.4	8.4	7.7	7.0
General government operating fund expenditures	$ 719,942	$ 678,091	$ 637,269	$ 665,973	$ 665,444
Expenditures - capital fund (Note 1)	239,770	193,681	196,765	174,380	165,484
Reserves for future expenditures	80,133	79,811	73,072	68,936	69,707

Source: City of Edmonton Corporate Services Department

Note:

1. Utility revenue and capital expenditures include Edmonton Water to April 30,1996. Subsequent to that date, Edmonton Water is accounted for on a modified equity basis and therefore utility revenues and capital fund expenditures exclude those of Edmonton Water.

SCHEDULES AND STATISTICS
STATISTICAL REVIEW FOR THE YEARS 1996 TO 2000 (continued)

Unaudited

(in thousands of dollars, except per capita)

	2000	1999	1998	1997	1996
Long-term debt:					
Debt limit	$ 1,977,726	$ 1,763,366	$ 1,794,810	$ 1,708,252	$ 1,797,486
Total debt per regulation	360,218	405,521	440,837	489,579	529,324
Debt service limit	346,102	308,589	314,092	298,944	314,560
Total debt service per regulation	97,343	103,155	110,075	115,895	117,882
General government debt service	41,009	43,200	45,569	51,485	67,569
General government debt service of general government operating fund expenditures (%)	5.7	6.4	7.2	7.7	10.2
Long-term debt - gross					
Self-liquidating	$ 1,512,028	$ 1,597,227	$ 1,675,773	$ 1,838,161	$ 1,962,539
Tax-supported	55,315	69,604	83,666	97,670	113,082
Long-term debt - net of Sinking Fund					
Self-liquidating	$ 1,125,925	$ 1,258,707	$ 1,382,441	$ 1,518,647	$ 1,623,964
Tax-supported	55,315	69,604	83,666	97,670	113,082
Net debt per capita					
Self-liquidating	$ 1,737	$ 1,942	$ 2,243	$ 2,464	$ 2,635
Tax-supported	85	107	136	159	183
	$ 1,822	$ 2,049	$ 2,379	$ 2,623	$ 2,818
Percentage of total debt to be retired					
Within 5 years	57.6	56.0	54.4	51.0	49.0
Within 10 years	85.0	84.7	83.6	82.6	81.9

Source: City of Edmonton Corporate Services Department

SCHEDULES AND STATISTICS
STATISTICAL REVIEW FOR THE YEARS 1996 TO 2000 (continued)

Unaudited

(in thousands of dollars)

Consolidated Expenditures By Function (Note 1)

	2000	1999	1998	1997	1996
Transportation services	$ 304,574	$ 276,920	$ 269,457	$ 258,993	$ 236,325
Protective services	234,628	226,784	205,574	197,551	201,886
Community services	158,695	147,767	146,610	159,312	152,728
Corporate administration and general municipal	128,389	114,273	109,637	140,297	149,365
Utility and enterprise services	179,563	108,493	122,442	117,541	133,320
Waste management and storm sewer	65,262	70,014	60,294	46,881	50,679
	$ 1,071,111	$ 944,251	$ 914,014	$ 920,575	$ 924,303

Consolidated Expenditures By Object (Note 1)

	2000	1999	1998	1997	1996
Salaries, wages and employee benefits	$ 498,358	$ 472,447	$ 463,265	$ 462,369	$ 456,484
Contracted and general services	327,058	255,693	222,449	245,990	226,647
Materials, goods and supplies	172,461	156,947	161,565	127,405	139,829
Interest and bank charges	43,060	38,315	41,792	42,357	48,857
Other charges	30,174	20,849	24,943	42,454	52,486
	$ 1,071,111	$ 944,251	$ 914,014	$ 920,575	$ 924,303

Note:

1. Expenditures for 1996 include those for Edmonton Water to April 30,1996. Subsequent to that date, Edmonton Water is accounted for on a modified equity basis and therefore consolidated expenditures exclude those of Edmonton Water.

RELATED BOARDS AND AUTHORITIES

Further information regarding the related Boards and Authorities can be obtained from the following sources:

Economic Development Edmonton
Shaw Convention Centre
9797 Jasper Avenue
Edmonton, Alberta T5J 1N9
Fax: (780) 917-7668
Web: www.ede.org
Chair: G. Campbell
President and CEO: J. Edwards

The Edmonton Non-Profit Housing Corporation
20th Floor, Century Place
9803-102A Avenue
Edmonton, Alberta T5J 3A3
Fax: (780) 496-5510
Vice-Chair: Kildy Yuen
Manager: Terry J. Loat

Edmonton Police Commission
Suite 911, 10365-97 Street
Edmonton, Alberta T5J 5A6
Fax: (780) 421-3572
E-mail: commission@police.edmonton.ab.ca
Chair: Kathy Grieve
Chief of Police: Bob Wasylyshen

EPCOR Utilities Inc.
18th Floor, EPCOR Centre
10065 Jasper Avenue
Edmonton, Alberta T5J 3B1
Fax: (780) 412-3096
E-mail: corpafrs@epcor-group.com
Web: www.epcor-group.com
Chair: H. Bolton
President and CEO: D. Lowry

The Edmonton Public Library
7 Sir Winston Churchill Square
Edmonton, Alberta T5J 2V4
Fax: (780) 496-1885
Web: www.publib.edmonton.ab.ca
Chair: Professor Marco L. Adria
Vice-Chair: Ms. Dawn Fargey